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Vol. II

(EXHIBITS—PART 2)

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1931

No. 485

CHAMPLIN REFINING COMPANY, APPELLANT,

vs.

CORPORATION COMMISSION OF THE STATE OF OKLAHOMA AND PAUL WALKER, E. R. HUGHES, AND C. C. CHILDERS, ETC., ET AL.

No. 486

CORPORATION COMMISSION OF THE STATE OF OKLAHOMA AND PAUL WALKER, E. R. HUGHES, AND C. C. CHILDERS, ETC., ET AL., APPELLANTS,

vs.

CHAMPLIN REFINING COMPANY

APPEALS FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN DISTRICT OF OKLAHOMA

FILED OCTOBER 26, 1931

(36,299, 36,300)

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[fol. 78] PLAINTIFF'S EXHIBIT 33

Abstract of Plaintiff's Exhibits

No. 33. Record, p. 281

Order No. 5189, Dated June 30th, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10146. Order No. 5189

In the Matter of the Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Commission to Prevent the Waste of Petroleum in the Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 North, Range 4 West, and all Pools in the Greater Seminole Area as Shown by the Map Attached to the Petition Herein, and all Other Producing Areas That May Come Into Production During the Months of July, August and September, 1930, all in the State of Oklahoma.

See 4430 F

ORDER

Comes now Wirt Franklin, petitioner herein, by his counsel, and this matter being set for hearing on this day, and the Commission having heard and considered the evidence of the petitioner, and the evidence of any and all persons opposing said petition, and being advised in the premises, finds as follows:

(a) That the lands covered by this application which will be subject to the rules and regulations established by this Order are those described in "Exhibit B" attached to the petition filed herein, and, specifically, the following pools: Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20, Range 4 West, and all pools in the Greater Semi-

nole Area, and such new pools and sands as may be brought into production during July, August and September, 1930,

(b) That notice by publication on all persons or classes interested in this proceeding and in the rules and regulations to be established hereby has been given, as required by law, in a newspaper of general circulation in this State, and that, in addition reasonable notice in writing has been served personally on all persons, firms and corporations complained against in this proceeding and due proof of service of notice has been made and filed herein.

(c) The Corporation Commission finds from the evidence that there is an overproduction of crude oil in the State of Oklahoma attended by waste of gas and of gas pressure and that the producers of crude oil in the oil pools described in the Petition herein are threatening to and will, unless restrained by the rules and regulations of the Corporation Commission, commit physical waste of crude oil, economic waste, underground waste, surface waste and waste incident to the production of crude oil or petroleum in excess of transportation or marketing facilities or reasonable market demands, and that the commission of such waste is so imminent in each of the areas involved in this proceeding that the orders, rules and regulations prayed for in the Petition herein are necessary in order to prevent such waste.

[fol. 79] The Commission further finds that there is a general overproduction and importation of crude and refined petroleum in the United States, and that this fact tends to reduce the amount of crude oil that can be produced in the State of Oklahoma without waste; that the potential production of crude oil in the United States is at this time approximately 4,730,000 barrels per day, and imports of crude and refined petroleum aggregate about 300,000 barrels per day, thus creating a total possible currect supply of 5,030,000 barrels per day as against an approximate daily demand for domestic use and export of 2,840,000 barrels per day. That by reason of this great oversupply and threatened waste, potential production is now being curtailed in Oklahoma and other producing regions, and unless there is a continuance of curtailment of production in the areas involved herein, the conservation measures now in effect in the other oil producing states may be aban-

doned, thus causing large quantities of petroleum to be produced in such other states in excess of their local demand and forced upon the market to the demoralization of the industry and a consequent reduction in demand for crude oil from Oklahoma, with a corresponding increase in waste in this State and an undue exhaustion of our oil resources. The Commission finds that this petroleum situation constitutes a great state emergency and that the laws of the State of Oklahoma and the powers of the Corporation Commission should be availed of to remove the same.

(d) The Commission further finds from the evidence that, in addition to the excess of potential and actual production and imports over current demand, there are stocks of petroleum on hand in the United States aggregating more than 698,000,000 barrels, which stocks are excessive and beyond the needs of the petroleum industry. That by reason of the excessive supply thus indicated, the purchasers of crude oil in Oklahoma are unwilling to purchase crude oil in Oklahoma for storage purposes in any amount that would be adequate to take care of the surplus of potential production over current demand and that, therefore, there is not sufficient empty tankage available to take care of said excess and unless potential production in Oklahoma is curtailed, much oil would necessarily go to earthen storage where it would evaporate and thus be wasted. The Commission further finds that the storage of oil in Oklahoma under existing conditions would involve waste for the further reason that there is already an excess of stored oil locally, and, there being an oversupply, oil now stored would have to remain in storage for a great length of time and would deteriorate.

(e) The Commission finds from the evidence that in order to curtail the production of crude oil in Oklahoma in a manner to prevent the commission of waste it will be necessary to enforce proportionality of taking from the wells and leases in the flush and semi-flush areas described in the Petition, and that unless such proportionality is required, injustice would be done as between producers in the same pool and as between different pools in that drainage would occur from one lease to another, an undue proportion of the gas pressure would be utilized by some operators to the

detriment of others and unfair discrimination would arise as between pools.

(f) The Commission further finds that the potential production of crude oil from existing wells in Oklahoma on and following the first day of July, 1930, will be approximately 1,362,000 barrels per day, and that the daily demand from Oklahoma is and will be approximately 650,000 barrels per day during the months of July, August and September, 1930. That, therefore, there is an excess of potential production over consumption of 712,000 barrels per day which cannot be produced without waste as defined by the Statutes of Oklahoma.

[fol. 80] The Commission further finds that the above mentioned potential production is only that from the wells which would be permitted to produce under existing orders of this Commission and does not include wells which by said order are required to remain shut-in for the length of time therein prescribed; that if no restraint were placed upon producing wells now completed or upon wells hereafter drilled during the months of July, August and September, the potential production of the State of Oklahoma would be much greater than 1,362,000 barrels per day and would exceed all transportation and marketing facilities and reasonable market demands to such an extent as to force large quantities of oil into earthen storage in this State and otherwise cause waste of a character prohibited by the laws of the State of Oklahoma. In order to prevent such waste, the Commission finds that it is necessary to curtail the production from the pools in the Petition described and each of them during the said months of July, August and September 1930, and according to the subjoined schedule showing the pools to be prorated, the potential production, daily production of each, the percentage of potential production allowanbe in each pool and the resulting production under proration for the said said three (3) months' period, and the shut-in time in each pool:

Potential and Allowed Production, State of Oklahoma, July, August, September, 1930

	July		August		September	
	Est. Potent.	Est. Prod.	Est. Potent.	Est. Prod.	Est. Potent.	Est. Prod.
Production allowed—66 2/3%:						
Allen (Wilcox)	7,000	4,667	6,650	4,433	6,300	4,200
Allen (Cromwell)	18,433	12,289	17,880	11,920	17,880	11,920
Bowlegs	30,056	20,037	29,154	19,436	29,154	19,436
Carr City	11,252	7,501	10,814	7,209	10,490	6,993
Earlsboro (old)	29,585	19,723	28,698	19,132	27,838	18,559
Earlsboro (Towns)	9,000	6,000	8,100	5,400	7,290	4,860
Little River	48,907	32,605	47,440	31,627	46,017	30,678
E. Little River	20,000	13,333	19,000	12,667	18,000	12,000
Marshall-Lovell	6,000	4,000	5,820	3,880	5,645	3,763
Maud	6,262	4,175	6,074	4,049	5,892	3,928
Mission	15,714	10,476	15,243	10,162	14,786	9,857
Sasakwa	10,800	7,200	9,720	6,480	8,750	5,833
Searight	14,235	9,490	13,808	9,205	13,394	8,929
Seminole	30,296	20,197	29,387	19,591	29,387	19,591
East Seminole	4,405	2,937	4,273	2,849	4,145	2,763
St. Louis	40,000	26,666	38,800	25,867	37,636	25,091
Sub-total	301,945	201,297	290,861	193,907	282,604	188,401
Production allowed—33 1/3%:						
East Earlsboro	60,000	20,000 Min.	50,000	20,000 Min.	40,000	20,000 Min.
So. Earlsboro	35,000	11,666	28,000	9,333	20,000	6,666
Sub-total	95,000	31,666	78,000	29,333	60,000	26,666

[fol. 81]

	July		August		September	
	Est. Potent.	Est. Prod.	Est. Potent.	Est. Prod.	Est. Potent.	Est. Prod.
Production allowed—25%:						
West Asher-Wanette	16,000	4,000	12,000	3,000	12,000	3,000
Konawa (Adjusted)	80,000	20,000	76,000	19,000	60,000	15,000
Miscl. (Chandler, et al)	8,000	2,000	28,000	7,000	28,000	7,000
Sub-total	104,000	26,000	116,000	29,000	100,000	25,000
Oklahoma City	600,000	130,037	600,000	134,760	600,000	146,933
Wells, in Prorated Areas, Not Prorated	10,000	10,000	10,000	10,000	10,000	10,000
Total-Prorated Areas	1,110,945	399,000	1,094,861	397,000	1,052,604	397,000
Outside Areas Not Prorated	251,000	251,000	253,000	253,000	253,000	253,000
Total State	1,361,945	650,000	1,347,861	650,000	1,305,604	650,000

Schedule of Shut-in Time in Prorated Areas

Area:	No. of days cement to set	No. of days of open flow for test	Days shut down	Total
Oklahoma City	7	1	57	65
East Earlsboro	7	1	41	49
Konawa	7	1	16	24
West Asher-Wanette	7	1	16	24
Marshall-Lovell	7	1	16	24
So. Earlsboro	7	1	16	24
Seminole et al	7	1	16	24

(g) The Commission finds from the evidence that the curtailment and the varying percentages as between pools prescribed in the schedule contained in paragraph (f) herein are necessary and reasonable in order to reduce production in this State to demand and in a manner least injurious to the producers and royalty owners as a whole, and in order to prevent unfair and unreasonable discrimination in favor of any one pool or common source of supply as against another. That the approximate number of wells in the pools described in this Petition is 3,085 and that their aggregate potential production is 1,111,000 barrels, or an average of 360.13 barrels per well per day. The outside of these enumerated pools and in the State at large are some 60,000 older and smaller wells producing in the aggregate and uncurtailed 251,000 barrels daily or an average of 4.18 barrels per well per day. That proration should be applied to the flush and semi-flush pools as distinguished from the old, small wells in the State for the following reasons to-wit: First, that by reason of the large number of said old, small wells and the fact that they are scattered throughout the State, their proration and regulation would present an insuperable administrative difficulty in which it would be impossible to do equity and avoid discrimination as between them. Second: That their production per well is so small that the degree of curtailment which might be enforced would yield a negligible contribution to the amount of reduction [fol. 82] necessary in the State as a whole. Third: That the production per well is only 4.18 barrels, and in the case of some 30,000 of said small wells the per well production

is only one barrel or a fraction thereof per day and because thereof said wells could not pay expenses of operation if their production should be reduced. Curtailing their output would cause thousands of them to be abandoned and their owners to suffer serious financial loss and would cause the waste of a valuable natural resource. Fourth: the great majority of said old, small wells produce large quantities of water along with the oil and must be pumped regularly to prevent ruin by water encroachment. Fifth: as a general rule each of the old, small wells has an established and adequate pipeline outlet. Sixth: and, conversely, the objections in this paragraph enumerated in regard to old, small wells do not apply in as great degree or at all in the case of the flush and semi-flush pools to which proration is sought to be applied. That because of the distinctions between the small wells of this State and the wells in the flush or semi-flush pools, as alleged in this paragraph, said small wells and the production therefrom should be excepted from the rules and regulations prayed for in this proceeding, in order to prevent unreasonable discrimination in favor of one or more common sources of supply of petroleum in this State as against another or other common sources of supply therein.

Why not prorate on basis of pipe line facilities.*

(h) The Commission finds that the varying percentages of curtailment as between pools as set forth in paragraph (f) of this Order are necessary, fair and reasonable because of the peculiar conditions in each case and in this, to-wit: that said pools are not all served in common by the same pipelines and purchasers (See 4430F)*; that the outlet for certain of them is greater in proportion to potential production than in the case of others; that some of them are older than others and have been prorated longer than others, under orders of the Corporation Commission, with a consequent greater reduction in potential flow and smaller, possible production per well per day and are, therefore, accorded a higher percentage allowable production; that in many cases individual pools are served by local purchasers whose facilities cannot be extended to the others, and in certain of the pools the sand and water conditions prevent as great curtailment as is possible in others, and that in certain pools there is a more intensive drilling cam-

* Marginal notes on copy

paign and wells of larger capactiy than in others. The Commission also finds that in the making of said schedule in paragraph (f) the producers and purchasers in all of said pools were consulted and meetings of all of said producers and purchasers were held at which all of the foregoing factors were considered and that said schedule represents the consensus of opinion of said producers and purchasers as to reasonableness of arrangement, necessity and convenience of producers and purchasers and equity as between the various common sources of supply, and was agreed to by all producers and purchasers except one.

(i) The Corporation Commission finds that by virtue of the facts, as herein set forth, (1) that it is necessary to curtail production in each of the pools herein mentioned in order to reduce the output of the State to consumption demands from the State as a whole, and thus to avoid waste, and (2) that the plan and schedule of percentages as contained in paragraph (f) are necessary to be observed in the case of each lease in order to prevent the inequitable or unfair taking by any person, firm or corporation from any one of said pools as a common source of supply and to prevent unreasonable discrimination in favor of any one such common source of supply as against another, and by virtue of the further fact that no one purchaser nor all of the purchasers together and no one pipeline or transporter nor all pipelines and transporters together is or are able or willing to purchase and/or transport all of the oil from all of said pools, it is necessary that each purchaser and [fol. 83] transporter from each of said pools conform and apportion his takings from each lease and pool to the percentages of potential output applicable thereto as set forth in the said schedule contained in paragraph (f) herein.

And said Commission further finds that if any purchaser or transporter should fail or refuse to so conform but should violate the plan as set forth in paragraph (f) by taking more than the due proportion as fixed by said plan, from any lease or leases in the said prorated areas, his action would have the immediate effect of discriminating against any of doing injury to surrounding owners by drainage and disproportionate use of the gas pressure and of creating discrimination as between pools and would have the further effect of hindering, impeding or disrupting the

whole plan or scheme for the prevention of waste as adopted and promulgated by the Corporation Commission. For these reasons the purchaser and transporters now serving each or any of said pools, or who may hereafter do so, are hereby made parties to this proceeding and said purchasers and transporters are hereby prohibited from violating the rules and regulations and orders of the Commission as herein set forth or in any manner aiding or abetting any producer in so doing.

(j) The Corporation Commission further finds that in addition to the prevention of waste of crude oil, the establishment of the curtailment plan in this Order set forth will tend to conserve natural gas and gas pressure in the pools to which it shall be applied.

(k) The Corporation Commission finds that the output from the Oklahoma City pool should be limited to the reasonable market demand from said pool, which at the present time is about 16⅔% of the potential production, but which may increase to as much as 25% of the potential production from said Oklahoma City area and that, therefore, the maximum permitted production should be left at 25% of the potential as in existing orders, and that the Umpire and Operators Committee are authorized to fix, from time to time, the rate of curtailment necessary in said area in order to conform the actual production to the actual demand from that area, with a maximum allowance of 25% of potential; it being understood, however, that whatever demand there is from the Oklahoma City pool shall be prorated among all of the producing leases therein.

(l) With reference to East Earlsboro, the Corporation Commission finds that said pool is on the decline and, owing to the possibility that said decline may be more rapid than is now estimated, it should be ordered that a minimum allowed production of 20,000 barrels per day for the East Earlsboro pool be specified so that, if the application of a curtailment of 66⅔% of the potential should at any time reduce the allowed production below 20,000 barrels per day for the pool as a whole, the Umpire and Operators Committee shall have authority to readjust the percentage so that a minimum production of 20,000 barrels per day from the pool as a whole shall be allowed.

(m) The Corporation Commission finds that new pools or sands which may be opened up between July 1st and September 30th, 1930, should be curtailed 75% of potential until otherwise ordered by the Commission.

[fol. 84] (n) The Corporation Commission further finds that the allegations of the Petition filed herein are true and correct and that accordingly these conditions of waste now exist in said pools, and commission of waste is imminent, and the same should be prohibited and prevented, and the following rules and regulations are necessary, reasonable and appropriate for that purpose.

It is therefore ordered by the Corporation Commission of the State of Oklahoma, as follows:

1

That the following specific orders be and they hereby are established as rules and regulations of this Commission to prevent the waste of petroleum in the Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 North, Range 4 West, and all pools in the Greater Seminole Area as shown by map attached to the Petition herein, and all other producing areas that may come into production during the months of July, August and September, 1930, all in the State of Oklahoma.

2

Ray M. Collins is hereby appointed as Umpire and Agent of the Corporation Commission to enforce the rules and regulations herein made, and he is hereby authorized to employ as many assistants as he shall deem necessary. To assist the Umpire in administering these rules and regulations, the following Committees of Operators are appointed as agents of the Corporation Commission for the following named pools respectively:

Allen Pool: R. A. Griffith, Sinclair; C. H. Wright, Sunray; Geo. Moody, Mid-Continent.

Lovell (Logan Co.) Pool: H. D. Aggers, Wentz; Glenn-Haroun, Sinclair; Mr. Bond, Shell; Mr. Church, J. E. Crosbie et al.

Greater Seminole (and East and South Earlsboro and Konawa): J. S. Sidwell, Prairie; J. J. Conry, Carter; R. F. McArthur, Barnsdall; Kenneth-Winship, Gypsy; L. C. Hawkins, Magnolia.

Oklahoma City Pool: M. J. Kirwan, I. T. I. O.; J. S. Sidwell, Prairie; Wirt Franklin, Cromwell-Franklin; Ralph Roark, Shell; Glenn Haroun, Sinclair.

[fol. 85] West Asher-Wanette: Ralph Roark, Shell; J. S. Sidwell, Prairie; M. J. Kirwan, I. T. I. O.

Where percentage proration is applied a gauge of producing wells shall be taken by the Umpire or under his supervision in the following manner: the gauge to determine potential shall be taken by each operator in the pool in respect of the lease or leases owned by him therein and then producing, such gauge to be taken between the hours of seven A. M. on the day set by the Umpire and seven A. M. on the following day. Prior to the taking of such gauge and in respect of each producing lease covered hereby, the Umpire shall appoint a representative of an operator owning a lease adjoining the particular property to be gauged, and shall notify the operator whose property is to be gauged of the name of the representative, such notification to be given prior to the taking of such gauge. It shall be the positive duty of such representative to remain on the lease that is being gauged throughout the entire day that the gauge is being taken to witness the gauging of the production therefrom; and immediately upon the completion of such gauge, such witness and the operator whose property was gauged shall file a written statement with the Umpire showing the production of said lease, and of each well thereon for the day said gauge is taken. The production so shown shall constitute the potential for said lease until the next gauge is taken. During the time this Order is in force a similar gauge of each property shall be taken from time to time as the Umpire may designate but not less than once each month, except that in the entire Greater Seminole area, aside from South Earlsboro, East Earlsboro, East Little River, Sasakwa, Konawa, West Asher-Wanette, Earlsboro Townsite and Wilcox wells in Allen pools, the gauge may, upon direction of the Umpire, be determined by applying the proper decline curve for each lease so gauged.

4

Oklahoma oil production shall be limited to an average of 650,000 barrels per day during each of said months of July, August and September, 1930, plus such increase from the Oklahoma City pool as the reasonable market demand may justify and within the maximum of 25% of potential production, and said figure of 650,000 barrels per day represents the reasonable market demand during said period for the State as a whole and same shall be used as the basis for the limitation of production in this State until the Corporation Commission shall find from evidence that the same should be changed. The curtailment of production in Oklahoma shall be accomplished by a proration of the following producing areas and any extensions thereof, to-wit: Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 North, Range 4 West, and all pools in the Greater Seminole Area as shown by map attached to Petition herein.

5

Each person, firm or corporation having the right to drill into and produce oil from any of the pools or areas and extensions thereos that are covered by this order may take from such pool or area and extensions thereof only such proportion of all crude oil and petroleum that may be produced therefrom under this Order as the production of the well or wells of such person, firm or corporation in said pool or area bears to the total potential production of such pool or area. In the case of each such pool or area the Umpire and the Operators' Committee for said pool or area [fol. 86] shall determine whether the production shall be curtailed on a time basis or on the basis of a percentage of potential daily production but such decision shall be reported by the Umpire to this Commission for approval and in no event shall any pool and its extensions be permitted to produce more than its allowable output as fixed by this Order.

6

Beginning July 1, 1930, and continuing until and including September 30th, 1930, the production of all wells in the

following pools shall be curtailed 33⅓% of their potential production: Allen Dome (Wilcox and Cromwell sands), Bowlegs, Carr City, Earlsboro (old), Earlsboro Townsite, Little River, East Little River, Marshall-Lovell, Mission, Sasakwa, Searight, Seminole, East Seminole and St. Louis.

7

Beginning July 1st, 1930, and continuing until and including September 30, 1930, the allowable production of all wells in the Oklahoma City pool shall be that proportion of their potential production that the reasonable market demand from the pool as a whole shall bear to the potential production of the pool as a whole. Provided, that the maximum allowed production shall be 25 Percent of potential production; and, Provided further, that whatever demand for petroleum from the Oklahoma City pool that may exist shall be prorated and allocated among all the producing leases. In case the reasonable market demand shall at any time be less than 25% of the potential production the Umpire and Operators' Committee shall fix such percentage of potential production as will allow a production equal to said reasonable market demand.

8

Beginning July 1, 1930, and continuing until and including September 30, 1930, the production of all wells in the East Earlsboro pool shall be curtailed 66⅔% of the potential production but if at any time the potential production should decline to such an extent that the application of a curtailment of 66⅔% would reduce the allowed production of the pool as a whole below 20,000 barrels per day, then and in that event the Umpire and Operators' Committee shall fix a percentage of potential production which will allow the pool as a whole to produce a minimum of 20,000 barrels per day.

9

Beginning July 1st, 1930, and continuing until and including September 30, 1930, the production of all wells in the South Earlsboro pool shall be curtailed 66⅔% of potential production.

10

Beginning July 1st 1930, and continuing until and including September 30, 1930, the production of all wells in the following named pools and any extensions thereof, together with any new pools that may be opened during said period, shall be curtailed 75% of potential production; West Asher-Wanette, Konawa, Chandler, West Perry, Orlando and Township 20 North, Range 4 West.

11

Where shortages and overages have occurred under previous Orders of this Commission, the same shall be carried [fol. 87] forward and adjusted during the month of July. Any lease showing an average of one barrel or more at August 1st or at the first day of any month thereafter during the life of this Order shall be immediately reported by the Umpire under oath to the Corporation Commission as a basis for citation and such report shall contain in addition to the location of the property and the amount of the overage, the names and addresses of the lessee, the purchaser of the oil and the transporter. Leases which are being gauged according to a decline curve and showing a shortage at the end of any month of more than two days allowed production shall take as their potential for the following month the daily average production of the last ten days of the month. And in the case of such leases, shortages of two days allowable production or less shall be credited on the next month's allowed production.

12

To establish equality between producing wells and drilling wells, each well now drilling in any of said areas, or which may be commenced in said areas or in any new areas prior to September 30, 1930, shall take a delay prior to being brought into production, equal to the accumulated shut-in time and accumulated equivalent time resulting from pinching of producing wells from the beginning of the proration period in each pool, said period of delay to be computed in each instance after allowing seven (7) days for the cement to set: Provided the maximum shut-in time in each of said pools shall be according to the following schedule:

Area	No. of days cement to set	No. of days of open flow for test	Days shut down	Total
Oklahoma City	7	1	57	65
East Earlsboro	7	1	41	49
Konawa	7	1	16	24
West Asher-Wanette	7	1	16	24
Marshall-Lovell	7	1	16	24
South Earlsboro	7	1	16	24
Seminole, et al	7	1	16	24

Previous orders of the Corporation Commission as to wells now completed but not on production shall be continued in effect as to the shutdown requirements therein.

13

That all purchasers and carriers of oil in the State of Oklahoma be and they are hereby forbidden to purchase or car-y oil produced in violation of these Orders of the Commission.

14

In the Konawa, East Earlsboro and South Earlsboro pools, so long as the percentage method of curtailment is used, the same shall be modified as to leases of small production as follows:

Percentage Plan for Konawa Pool

Size of wells (average bbls. per well per lease)	Percent of potential production allowed
Over 400 Barrels	25%
300 - 400 "	30%
[fol. 88] 200 - 300 Barrels	35%
100 - 200 Barrels	50%
Less than 100 Bbls.	66⅔%

Percentage Plan for South Earlsboro and East Earlsboro

Over 300 Barrels	33½%
200 - 300 "	40%
100 - 200 "	50%
Less than 100 Bbls.	66⅔%

Jurisdiction of this cause is hereby retained by the Corporation Commission and notice is hereby given that supplemental and ancillary orders may be made herein from time to time as required by new developments and as instructions to the Umpire and Operators' Committees. When in the judgment of the Umpire or any Operators' Committee any such supplemental or ancillary order shall become necessary the facts supporting the necessity therefor and the reasonableness thereof shall be reported to the Commission for approval, and no exception to these rules and regulations shall be allowed by the Umpire unless approved by such an ancillary order.

Done at Oklahoma City this 30th day of June, 1930.

Corporation Commission of Oklahoma. (Signed) C. C. Childers, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secy. (Seal.)

[fol. 89] Order No. 5246, dated July 24th, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10146. Order No. 5246

In the Matter of the Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Commission to Prevent the Waste of Petroleum in the Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 North, Range 4 West, and All Pools in the Greater Seminole Area as Shown by the Map Attached to the Petition Herein, and All Other Producing Areas that May Come Into Production During the Months of July, August and September, 1930, All in the State of Oklahoma

ORDER MODIFYING THE ORIGINAL ORDER ISSUED IN THIS CAUSE AND AMENDING THE RULES AND REGULATIONS ESTABLISHED THEREBY

Comes now Wirt Franklin and presents his written application in person and by counsel, and this matter being

set for hearing on this day and the Corporation Commission having heard and considered the evidence of the applicant, and the evidence of any and all persons opposing said application, and being advised in the premises, finds as follows:

(a) That the lands covered and affected by this application and which will be subject to the amended rules and regulations established by this order are those described in the original petition herein and in the map attached thereto.

(b) That notice by publication on all persons or classes interested in this proceeding and in the rules and regulations to be established hereby has been given as required by law in a newspaper of general circulation in this state and that, in addition, reasonable notice in writing has been served personally on all persons, firms and corporations complained against in this proceeding.

(c) That since the issuance of the original order herein the potential production of crude oil in the State of Oklahoma has increased to 1,400,523 barrels per day, while the reasonable market demand has decreased from 650,000 barrels to 550,000 barrels per day, a decrease of 100,000 barrels in daily average demand since June 30th.

(d) That it is, therefore, necessary to further curtail the output of crude petroleum in Oklahoma in order to prevent waste as defined by the laws of this State, and that the original order herein should be modified by reducing the percentages of permitted production in the pools herein mentioned by 25% according to the following schedule:

[fol. 90]

Potential and Allowed Production, State of Oklahoma Proration Schedule, July 15, 1930, to September 1, 1930

	July		August	
	Est. potential	Est. production	Est. potential	Est. production
Production allowed—50%				
Allen (Wilcox)	8,212	4,106	6,650	3,325
Allen (Cromwell)	18,970	9,485	17,880	8,940
Bowlegs	30,070	15,035	29,154	14,577
Carr City	10,919	5,460	10,814	5,407
Earlsboro (old)	29,311	14,655	28,698	14,349
Earlsboro Townsite	10,820	5,410	8,100	4,050
Little River	49,070	24,535	47,440	23,720

	July		August	
	Est. potential	Est. production	Est. potential	Est. production
E. Little River	20,541	10,271	19,000	9,500
Marshall-Lovell	6,000	3,000	5,820	2,910
Maud	6,070	3,035	6,074	3,037
Mission	15,756	7,878	15,243	7,622
Sasakwa	10,769	5,385	9,720	4,860
Searight	14,031	7,015	13,808	6,904
Seminole	30,329	15,164	29,387	14,693
E. Seminole	4,405	2,203	4,273	2,137
St. Louis	40,439	20,219	38,800	19,400
Sub-total	305,712	152,856	290,861	145,431
Production allowed—25%				
E. Earlsboro	60,323	15,000 mi.	40,000	15,000min.
S. Earlsboro	43,723	10,931	35,000	8,750
Sub-total	94,046	25,931	75,000	23,750
Production allowed—18 3/4%:				
West Asher-Wanette	19,765	3,706	15,000	2,813
Konawa (Adjusted)	100,000	18,750	80,000	15,000
Miscl. (Chandler et al.)	20,000	3,750	28,000	5,250
Sub-total	139,765	26,206	123,000	23,063
Oklahoma City	600,000	84,007	600,000	94,756
Wells, in Prorated	10,000	10,000	10,000	10,000
Total-Prorated Areas	1,149,523	299,000	1,098,861	297,000
Outside Areas, Not Prorated	251,000	251,000	253,000	253,000
Total State	1,400,523	550,000	1,351,861	550,000

[fol. 91] (e) The Corporation Commission further finds that by applying a unifor- percentage reduction of the original percentages named in the Order of June 30th, the said prorated pools will be maintained in the same relation to each other as under said original order, and that unfair discrimination as between said pools and as between the leases therein will be prevented, and that the adoption of said schedule set forth in paragraph (d) is necessary in order to prevent waste of petroleum.

(f) The Corporation Commission further finds that the reduction of permitted percentages of potential should be made flexible so that, should the demand for Oklahoma crude increase prior to August 31, 1930, the percentage of reduction herein set forth may be reduced upon application of the Umpire supported by evidence.

(g) That accordingly these conditions of waste now exist in said pools or are imminent and such waste should be prevented.

It is therefore ordered by the Corporation Commission of the State of Oklahoma, as follows:

1

That the original order herein be and the same is hereby modified to the following extent, and that the following specific orders be and they hereby are established as rules and regulations of this Commission to prevent the waste of petroleum in the Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 North, Range 4 West, and all pools in the Greater Seminole Area as shown by map attached to the original petition herein, and all other producing areas that may come into production during the months of July and August, 1930, all in the State of Oklahoma.

2

Oklahoma oil production shall be limited to an average of 550,000 barrels per day from July 15th to August 31st, 1930, plus such increase from the Oklahoma City pool as the reasonable market demand may justify and within the maximum of 18 3/4% of potential production, and said figure of 550,000 barrels per day represents the reasonable market demand during said period of the state as a whole and same shall be used as the basis for the limitation of production in this state, until, August 31, 1930. The curtailment of production in Oklahoma shall be accomplished by a proration of the following producing areas and any extensions thereof, to-wit: Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, West Perry, Orlando and Township 20 North, Range 4 West, and all pools in the Greater Seminole Area as shown by map attached to original petition herein.

3

Each person, firm or corporation having the right to drill into and produce oil from any of the pools or areas [fol. 92], and extensions thereof that are covered by this order may take from such pool or area and extensions thereof only such proportion of all crude oil and petroleum that may be produced therefrom under this order as the

production of the well or wells of such person, firm or corporation in said pool or area bears to the total potential production of such pool or area. In the case of each such pool or area the Umpire and the Operators' Committee for said pool or area shall determine whether the production shall be curtailed on a time basis or on the basis of a percentage of potential daily production but such decision shall be reported by the Umpire to this Commission for approval and in no event shall any pool and its extensions be permitted to produce more than its allowable output as fixed by this Order.

4

Beginning July 15, 1930, and continuing until and including August 31, 1930, the production of all wells in the following pools shall be curtailed 50% of their potential production: Allen Dome (Wilcox and Cromwell sands), Bowlegs, Carr City, Earlsboro (old), Earlsboro Townsite, Little River, East Little River, Marshall-Lovell, Maud, Mission, Sasakwa, Searight, Seminole, East Seminole, and St. Louis.

5

Beginning July 15, 1930, and continuing until and including August 31, 1930, the allowable production of all wells in the Oklahoma City pool shall be that proportion of their potential production that the reasonable market demand from the pool as a whole shall bear to the potential production of the pool as a whole. Provided, that the maximum allowed production shall be 18 3/4% of potential production; and Provided further, that whatever demand for petroleum from the Oklahoma City pool that may exist shall be prorated and allocated among all the producing leases. In case the reasonable market demand shall at any time be less than 18 3/4% of the potential production the Umpire and Operators' Committee shall fix such percentage of potential production as will allow a production equal to said reasonable market demand.

6

Beginning July 15, 1930, and continuing until and including August 31, 1930, the production of all wells in the

East Earlsboro pool shall be curtailed 75% of potential production, but if at any time the potential production should decline to such an extent that the application of a curtailment of 75% would reduce the allowed production of the pool as a whole below 15,000 barrels per day, then and in that event the Umpire and Operators' Committee shall fix a percentage of potential production which will allow the pools as a whole to produce a mimimum of 15,000 barrels per day.

7

Beginning July 15, 1930, and continuing until and including August 31, 1930, the production of all wells in the South Earlsboro pool shall be curtailed 75% of potential production.

[fol. 93]

8

Beginning July 15, 1930, and continuing until and including August 31, 1930, the production of all wells in the following names pools and any extensions thereof, together with any new pools that may be opened during said period, shall be curtailed 81¼% of potential production; West Asher-Wanette, Konawa, Chandler, West Perry, Orlando and Township 20 North, Range 4 West.

9

That all purchasers and carriers of oil in the State of Oklahoma be and they are hereby forbidden to purchase or carry oil produced in violation of these orders of the Commission.

10

In the Konawa, East Earlsboro and South Earlsboro pools, so long as the percentage method of curtailment is used, the same shall be modified as to leases of small production as follows:

Percentage Plan for Konawa Pool

Size of wells (Average bbls. per well per lease)	Percent of potential production allowed
Over 400 barrels	18 3/4%
300 - 400 "	22 1/2%
200 - 300 "	26 1/4%
100 - 200 "	37 1/2%
Less than 100 Bbls.	50 %

Percentage Plan for South Earlsboro and E. Earlsboro

Over 300 barrels	25 %
200 - 300 "	30 %
100 - 200 "	37 1/2%
Less than 100 Bbls.	50 %

11

Jurisdiction of this cause is hereby retained by the Corporation Commission and notice is hereby given that supplemental and ancillary orders may be made herein from time to time as required by new developments and as instructions to the Umpire and Operators' Committee. When in the judgment of the Umpire or any Operators' Committee any such supplemental or ancillary order shall become necessary the facts supporting the necessity therefor and the reasonableness thereof shall be reported to the Commission for approval, and no exceptions to these rules and regulations shall be allowed by the Umpire unless approved by such an ancillary order. Except as modified by this order, the original order, rules and regulations issued by the Corporation Commission on June 30, 1930, in this cause shall remain in full force and effect until September 30, 1930. Should the demand for crude oil from the state of Oklahoma increase prior to August 31, 1930, [fol. 94] to such an extent as to permit a greater outlet from the pools herein mentioned, the Umpire shall report the facts to the Commission, together with the recommended percentages and the Corporation Commission hereby gives notice that such revised percentages may be

substituted for the 25% additional reduction provided for in this order.

Done at Oklahoma City This 24 day of July, 1930.

Corporation Commission of Oklahoma. (Signed) C. C. Childers, Chairman. (Signed) —— ——, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: E. D. Hicks, Jr., Secy. (Seal.)

[fol. 95] Order No. 5292, dated August 30th, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10,146. Order # 5292

In the Matter of the Application of RAY M. COLLINS for Rules and Regulations to be Established by the Commission to Prevent the Waste of Petroleum in the Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando, and Township 20 North, Range 4 West, and All Pools in the Greater Seminole Area as Shown by the Map Attached to the Petition Herein, and All Other Producing Areas That May Come Into Production During the Months of July, August and September, 1930, All in the State of Oklahoma

ORDER MODIFYING THE ORIGINAL ORDER ISSUED IN THIS CAUSE AND AMENDING THE RULES AND REGULATIONS ESTABLISHED THEREBY

Comes now Ray M. Collins and presents his written application in person and by counsel, and this matter being set for hearing on this day and the Corporation Commission, having heard and considered the evidence of the applicant and the evidence of any and all persons opposing said application, and being advised in the premises, finds as follows:

(a) That the lands covered and affected by this application and which will be subject to the amended rules and

regulations established by this order are those described in the original petition herein and in the map attached thereto.

(b) That notice by publication on all persons or classes interested in this proceeding and in the rules and regulations to be established hereby has been given as required by law in a newspaper of general circulation in this state and that, in addition, reasonable notice in writing has been served personally on all persons, firms and corporations complained against in this proceeding.

(c) That since the issuance of the original order herein, the potential production of crude oil in the State of Oklahoma has increased to 1,481,118 barrels per day, whole the reasonable market demand has decreased from 650,000 barrels to 550,000 barrels per day, a decrease of 100,000 barrels in dail- average demand since June 30th.

(d) That it is, therefore, necessary to further curtail [fol. 96] the output of crude petroleum in Oklahoma for the month of September, 1930, in order to prevent waste as defined by the laws of this State, and that the original order herein should be modified by reducing the percentages of permitted production in the pools herein mentioned by 25% according to the following schedule:

Potential and Allowed Production, State of Oklahoma Proration Schedule September 1, 1930, to October 1, 1930

Field	September 1930	
	Estimated potential	Estimated production
Production allowed—50%		
Allen (Wilcox)	9,000	4,500
Allen (Cromwell)	17,927	8,964
Bowlegs	28,327	14,164
Carr City	10,494	5,247
Earlsboro (old)	28,665	14,332
Earlsboro Townsite	10,000	5,000
Little River	46,528	23,264
East Little River	22,000	11,000
Marshall-Lovell	5,650	2,825

Field	September 1930 Estimated potential	Estimated production
Maud	5,712	2,856
Mission	14,673	7,337
Sasakwa	9,500	4,750
Searight	13,205	6,602
Seminole	28,470	14,235
East Seminole	4,145	2,072
St. Louis	38,972	19,486
Sub-total	293,268	146,634
Production allowed—25%		
East Earlsboro	40,000	15,000 (min.)
South Earlsboro	35,000	8,750
Sub-total	75,000	23,570
Production allowed—18 3/4%		
West Asher-Wanette	35,000	6,563
Konawa (adjusted)	68,000	12,750
Sub-total	103,000	19,313
Production allowed—Adjusted Maximum		
Tatums	12,000	2,500
Chandler	30,000	2,500
West Perry	1,200	600
Orlando	850	400
Twp. 20 No.—Range 4 West	800	400
Sub-total	44,850	6,400
Oklahoma City	700,000	88,903
Wells in Prorated Areas, Not Prorated	5,000	5,000
Total—Prorated Areas	1,221,118	290,000
Outside Areas—Not Prorated	260,000	260,000
Total State	1,481,118	550,000

[fol. 97] (e) The Corporation Commission further finds that by applying a uniform percentage reduction of the original percentages named in the Order of June 30th, and said prorated pools will be maintained in the same relation to each other as under said original order, and that unfair discrimination as between said pools and as between the leases therein will be prevented, and that the adoption of said schedule set forth in paragraph (d) is necessary in order to prevent waste of petroleum.

(f) The Corporation Commission further finds that the reduction of permitted percentages of potential should be made flexible so that, should the demand for Oklahoma crude increase prior to September 30, 1930, the percentage of reduction herein set forth may be reduced upon application of the Umpire supported by evidence.

(g) That accordingly these conditions of waste now exist in said pools or are imminent and such waste should be prevented.

It is, therefore, ordered by the Corporation Commission of the State of Oklahoma, as follows:

1

That the original order herein be and the same is hereby modified to the following extent, and that the following specific orders be and they hereby are established as rules and regulations of this Commission to prevent the waste of petroleum in the Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen-Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 North, Range 4 West, and all pools in the Greater Seminole Area as shown by map attached to the original petition herein, and the extension to the Tatums pool and all other producing areas that may come into production during the month of September, 1930, all in the State of Oklahoma.

2

Oklahoma oil production shall be limited to an average of 550,000 barrels per day from September 1, to September 30, 1930, plus such increase from the Oklahoma City pool as the reasonable market demand may justify and

within the maximum of 17-3/4% of potential production, and said figure of 550,000 barrels per day represents the reasonable market demand during said period for the state at a whole and same shall be used as the basis for the limitation of production in this State, until September 30, 1930. The curtailment of production in Oklahoma shall be accomplished by a proration of the following producing areas and any extensions thereof, to-wit: Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 North, Range 4 West, and all pools in the Greater Seminole Area as shown by map attached to original petition herein, and the Tatums Extension as in this order described.

3

East person, firm or corporation having the right to drill into and produce oil from any of the pools or areas and extensions thereof that are covered by this order may take [fol. 98] from such pool or area and extension thereof only such proportion of all crude oil and petroleum that may be produced therefrom under this order as the potential production of the well or wells of such person, firm or corporation in said pool or area bears to the total potential production of such pool or area. In the case of each such pool or area the Umpire and the Operators' Committee for said pool or area shall determine whether the production shall be curtailed on a time basis or on the basis of a percentage of potential daily production but such decisions shall be reported by the Umpire to this Commission for approval and in no event shall any pool and its extensions be permitted to produce more than its allowable output as fixed by this Order.

4

Beginning September 1, 1930, and continuing until and including September 30, 1930, the production of all wells in the following pools shall be curtailed 50% of their potential production: Allen Dome (Wilcox and Cromwell sands), Bowlegs, Carr City, Earlsboro (old), Earlsboro Townsite, Little River, East Little River, Marshall-Lovell, Maud, Mission, Sasakwa, Searight, Seminole, East Seminole and St. Louis.

5

Beginning September 1, 1930, and continuing until and including September 30, 1930, the allowable production of all wells in the Oklahoma City pool shall be that proportion of their potential production that the reasonable market demand from the pool as a whole shall bear to the potential production of the pool as a whole. Provided, that the maximum allowed production shall be 18-3/4% of potential production; and, provided further, that whatever demand for petroleum from the Oklahoma City pool may exist shall be prorated and allocated among all the producing leases. In case the reasonable market demand shall at any time be less than 18-3/4% of the potential production the Umpire and Operators' Committee shall fix such percentage of potential production as will allow a production equal to said reasonable market demand.

6

Beginning September 1, 1930, and continuing until and including September 30, 1930, the production of all wells in the East Earlsboro pool shall be curtailed 75% of potential production, but if at any time the potential production should decline to such extent that the application of a curtailment of 75% would reduce the allowed production of the pool as a whole below 15,000 barrels per day, then and in that event the Umpire and Operators' Committee shall fix a percentage of potential production which will allow the pool as a whole to produce a minimum of 15,000 barrels per day.

7

Beginning September 1, 1930, and continuing until and including September 30, 1930, the production of all wells in the South Earlsboro pool shall be curtailed 75% of potential production.

8

Beginning September 1, 1930, and continuing until and including September 30, 1930, the production of all wells in the following pools and any extensions thereof shall be curtailed 81-1/4% of potential production: West Asher-Wanette and Konawa.

9

Beginning September 1, 1930, and continuing until and including September 30, 1930, the production of the extension of the Tatums Pool, said extension being located in Section 18 and 19, Township 1 South, Range 2 West and Sections 13 and 24, Township 1 South, Range 3 West, shall be curtailed to a maximum production of 2500 barrels per day, as per the following schedule: Wells capable of producing 400 barrels per day or more shall be allowed a maximum production of 100 barrels per well per day; and [fol. 99] wells not capable of producing 400 barrels or more per day shall be allowed a maximum production of 50 barrels per well per day. In the event that the above schedule of maximum production per well does not hold the total production of the area within the maximum of 2500 barrels per day for the whole area, the Umpire and Operators' Committee shall adjust and fix said per well maximums at such figures as will keep the production of the whole area within the allowed 2500 barrels per day.

10

Beginning September 1, 1930, and continuing until and including September 30, 1930, the production of the Chandler Pool and any extensions thereof shall be curtailed to a maximum production of 2500 barrels per day, with the provisions that the maximum production from each and ever- well shall be limited to 100 barrels per day as a maximum. In the event that the above schedule of maximum production per well does not hold the total production of the area within the maximum of 2500 barrels per day for the whole area, the Umpire and Operators' Committee shall adjust and fix said per well maximum at such figure as will keep the production of the whole area within the allowed 2500 barrels per day.

11

Beginning September 1, 1930, and continuing until and including September 30, 1930, the production of the following named pools and any extension thereof shall be limited to the following maximums: West Perry, 600 barrels per day; Orlando, 400 barrles per day; and Township 20 North, Range 4 West, 400 barrels per day.

12

Beginning September 1, 1930, and continuing until further order of this Commission, all wildcat wells completed for crude oil production shall be limited to a maximum daily production of fifty barrels each, so long as no other well is started on any other lease and within one-half (1/2) mile of any such producing wildcat well. If a well is started on any other such lease in the said drainage area, such discovery well shall be permitted to produce to capacity until the second well is completed in the same formation unless the operators in said drainage area agree upon and submit to this Commission for approval a conservation plan of operation for said field; if no such plan is agreed upon and submitted as aforesaid and such subsequent well or wells shall be completed as producers, then all wells shall be curtailed to 50 barrels each per day until further order of this Commission.

13

That all purchasers and carriers of oil in the State of Oklahoma be and they are hereby forbidden to purchase or carry oil produced in violation of these orders of the Commission.

14

In the Konawa, East Earlsboro and South Earlsboro pools, so long as the percentage method of curtailment is used, the same shall be modified as to leases of small production as follows:

Percentage Plan for Konawa Pool

Size of wells (Average bbls. per well per lease)	Percent of pot. prod. allowed
Over 400 barrels	18-3/4%
300 - 400 "	22-1/2%
200 - 300 "	26-1/4%
100 - 200 "	37-1/2%
Less than 100 Bbls.	50%

[fol. 100] Percentage Plan for South Earlsboro and East Earlsboro

Size of wells (Average bbls. per well per lease)	Percent of pot. prod. allowed
Over 300 barrels	25%
200-300 "	30%
100-200 "	37½%
Less than 100 bbls.	50%

15

Jurisdiction of this cause is hereby retained by the Corporation Commission and notice is hereby given that supplemental and ancillary orders may be made herein from time to time as required by new developments and as instructions to the Umpire and Operators' Committee. When in the judgment of the Umpire or any Operators' Committee any adjustment or fixing of percentages or well production as provided in this order shall be proper, or as any such supplemental or ancillary order shall become necessary the facts supporting the necessity therefor and the reasonableness thereof shall be reported to the Commission for approval, and no exception to these rules and regulations shall be allowed by the Umpire, nor shall any adjustment of percentages or well production become effective, unless approved by such an ancillary order of this Commission. Except as modified by this Order, the original order, Rules and Regulations issued by the Corporation Commission on June 30, 1930, in this cause shall remain in full force and effect until September 30, 1930. Should the demand for crude oil from the State of Oklahoma increase prior to September 30, 1930, to such an extent as to permit a greater outlet from the pools herein mentioned, the Umpire shall report the facts to the Commission, together with the recommended percentages, and the Corporation Commission hereby gives notice that such revised percentages, may be substituted for the 25% additional reduction provided for in this order.

Done at Oklahoma City this the 30th day of August, 1930.

Corporation Commission of Oklahoma. (Signed) C. C. Childers, Chairman, —— ——, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D Hicks, Jr., Secy. (Seal.)

[fol. 101] Order No. 5337, dated September 30th, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10146. Order No. 5337

In the Matter of the Application of RAY M. COLLINS for Rules and Regulations to be Established by the Commission to Prevent the Waste of Petroleum in the Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Aster-Wanette, Chandler, West Perry, Orlando and Township 20 North, Range 4 West, and All Pools in the Greater Seminole Area as Shown by the Map Attached to the Petition Herein, and All Other Producing Areas That May Come Into Production During the Months of July, August and September, 1930, All in the State of Oklahoma

Order No. 5337

Upon consideration of the verified application of Ray M. Collins in the above entitled cause and of the matters and things now adduced in support thereof, the Commission finds that the potential production of crude oil in the State of Oklahoma far exceeds the market demand and transportation facilities therefor, that by reason of pending litigation it is inexpedient to undertake at this time a new investigation into the matters involved in the Orders to which reference is hereinafter made, but that to prevent waste in the production of crude oil in the State of Oklahoma it is necessary and proper that the proration plan now in force be carried forward temporarily by order supplemental to those now in force until a decision upon the rights and powers of this Commission has been reached by the Courts, and that it is reasonable to assume that a decision thereon will be handed down in the near future.

It is therefore ordered that Order No. 5189 of this Commission as modified by Orders No. 5246 and 5292 and all supplemental orders be and the same is hereby extended in force until and including the 10th day of October, 1930.

Done by the Corporation Commission of Oklahoma at its office in the State Capitol at Oklahoma City, Oklahoma, this 30th day of September, 1930.

Corporation Commission of Oklahoma. (Signed) C. C. Childers, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secy. (Seal.)

[fol. 102] Order No. 5343, dated October 6th, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10146. Order No. 5343

In the Matter of the Application of WIRT FRANKLIN for Rules and Regulations Governing the Production of Oil in Certain Pools Within the State of Oklahoma

FINDINGS OF FACT, OPINION AND ORDER

Throughout the past several months the Commission has conducted numerous investigations under the above numbered cause, and has made numerous orders restricting, curtailing and prorating oil production within the various flush pools of the State of Oklahoma. On September 30th, 1930, it made and entered its Order No. 5337 extending in force and effect Orders No. 5246 and 5292 together with other supplemental orders looking to the prevention of waste and the restricting and curtailment of the production of oil in the Oklahoma City oil field as one of the flush producing oil pools of the State of Oklahoma.

By the terms and provisions of these orders, an Umpire was selected and appointed by the Commission, subject to the approval of the Governor, and an Operators' Committee was also designated for each of said flush pools, including the Oklahoma City oil pool. This cause has never been closed and has been left open for the purpose of making additional and supplemental orders based upon changed conditions and based upon recommendations and showings made to the Commission by the Umpire and the

various Operators' Committees named in the orders mentioned above.

On October 6th, 1930, Otto B. Bradford, Umpire of the Oklahoma City oil field, and M. J. Kirwan, Chairman of the Operators' Committee for the Oklahoma City oil field, filed their report with this Commission as authorized by the terms and provisions of said orders and by action authorized by the Operators' Committee designated for the Oklahoma City oil field, as provided by the terms of said order. The report is as follows, to-wit:

Report

"One. That, in the application of the Orders of the Commission in the above entitled cause in the Oklahoma City Field; the bringing in of many new wells of wholly unexpected size and other conditions in the field, have resulted in certain producers being so far unable to obtain pipe line or other outlet for any part of the oil which said company would be entitled to produce under said Order, and have resulted in certain companies which have produced oil within the terms of said Order being unable to run the said oil, and have resulted in certain companies being unable to produce their properties and wells within the terms of said Order.

Two. That by reason of the matters stated above, there are now approximately twenty producers who do not have pipe line connections and who are under-produced under the terms of said Order; that, as nearly as can be estimated, the total amount of under-production within the terms of said Order in the Oklahoma City Field, is approximately [fol. 103] 1,209,000 barrels as of September 25th, 1930, and that the additional amount which has been produced within the terms of said order of which has not been run and is in storage on the leases amount to 1,333,000 barrels, making a total of under-run and under-produced oil of 2,542,000 barrels.

The Umpire and Operators' Committee regard it as unfair that leases which have obtained outlet for the entire amount of oil produced by them under the Order should continue to produce in full under said Order while other leases are totally unable to run any amount of oil and there-

fore recommends to the Commission that some Order be immediately made which will permit the under-run and under-produced leases to be placed upon a parity with other leases in the field. To that end, the Umpire and Operators' Committee recommend that the Commission enter a supplemental Order putting into effect the following program to-wit:

"That all new wells being brought on production produce for a period of eight hours for test, that the remainder of the twenty-four hour test period (namely sixteen hours) be allowed the said well upon its completion of its sixty-five day shut down time; that all wells that are now serving their sixty-five day shut down time, be permitted to produce a maximum of eight hours in each twelve day period following the completion of their sixty-five day shut down time; that all wells that are now on production schedule be likewise permitted to produce a maximum of eight hours in each twelve day period; that the amount of time that wells in the Oklahoma City Field are permitted to produce during each twelve day period should be revised when the wells that are now under-produced and the oil that is now in storage has been run to the pipe lines."

"The Committee further recommends that any Order made by the Commission in the premises, be made effective as of seven o'clock A. M., October 7th, 1930, at which time a new twelve day period of production will begin.

Respectfully submitted.

(Signed) Otto B. Bradford, Umpire Oklahoma City Field. M. J. Kirwan, Chairman Operators' Committee Oklahoma City Field."

Now on this the 6th day of October, 1930, the Commission having under consideration the matters and things involved and contained in said Report, together with the testimony taken by the Commission in previous gearings involving the waste of crude oil in the Oklahoma City Oil Field, and the necessary and legal provisions appropriate to prevent said waste, is of the opinion and finds:

First. That certain oil producers in the Oklahoma City Oil Field have been unable to obtain pipe line or other outlets for any part of the oil which they would be entitled to produce under the terms and provisions of the order now

in effect, which condition has resulted in certain companies which have produced oil within the terms of said order being unable to run the said oil, thus resulting in certain companies being unable to produce their properties and wells within the terms and provisions of said order.

[fol. 104] Second. That there are now approximately twenty producers not having pipe line connections, and who, by reason of such fact are under-produced under the terms of the order now in effect.

Third. That the total amount of under-production within the terms of said Order in the Oklahoma City Field, is approximately 1,209,000 barrels as of September 25th, 1930, and that the additional amount which has been produced within the terms of said Order and which has not been run except to storage and which is now in storage on the leases, amounts to 1,333,000 barrels, making a total of under run and under produced oil in said field of 2,542,000 barrels.

Fourth. That from the testimony taken at the various hearings by the Commission and from the Report of the Umpire and the Operators' Committee, it is abviously unfair that leases having outlet to the entire amount of oil produced by them under the Order of the Commission, should be permitted to continue to produce in full under said order, while other leases are unable to run their oil or any part thereof.

Fifth. That the recommendation and report of the Umpire and Operators' Committee filed with this Commission on October 6th, 1930, should be approved and the relief suggested by said Umpire and Operators' Committee, should be granted by supplemental order.

It is therefore the order of the Commission, premises considered, that commencing at seven o'clock A. M., October 7th, 1930, the following supplemental rule with respect to the production of crude oil in the Oklahoma City Oil Field, be and the same is hereby put in force and effect, to-wit:

"That all new wells being brought on production produce for a period of eight hours for test, that the remainder of the twenty-four hour test period (namely sixteen hours) be allowed the said well upon its completion of its sixty-five

day shut down time; that all wells that are now serving their sixty-five day shut down time, be permitted to produce a maximum of eight hours in each twelve day period following the completion of their sixty-five day shut down time; that all wells that are now on production schedule be likewise permitted to produce a maximum of eight hours in each twelve day period; that the amount of time that wells in the Oklahoma City Field are permitted to produce during each twelve day period should be revised when the wells that are now under-produced and the oil that is now in storage has been run to the pipe lines."

This order to be in full force and effect from and after its promulgation.

Done at Oklahoma City this the 6th day of October, 1930. Corporation Commission of Oklahoma. (Signed) C. C. Childers, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest. (Signed) E. D. Hicks, Jr., Secy. (Seal.)

[fol. 105] Order No. 5345, dated October 10th, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10146. Order No. 5345

In the Matter of the Adoption and Promulgation of Rules and Regulations for the Prevention of Waste of Crude Oil and Petroleum Products in the Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Alien Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 N. Range 4 West, and All Pools in the Greater Seminole Area as Shown by the Records in This Cause, and All Other Producing Areas That May Come Into Production During the Months of July, August and September, 1930, All in the State of Oklahoma

ORDER

Pursuant to Sec. 7957, 7958 and 7959 C.O.S. 1921, the Corporation Commission has heretofore promulgated Orders No. 5189, 5246, 5337 and 5343 all looking to the preven-

tion of waste of crude oil and petroleum products within the State of Oklahoma and within the areas of the following pools, to-wit: Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 North, Range 4 West, and all pools in the Greater Seminole Area, as shown by the map on file in this cause and attached to the petition herein, and all other producing areas that may have come into production during the months of July, August and September, 1930, within the State of Oklahoma.

At the present time the Commission has under consideration and is engaged in the hearing of an application for an additional proration order covering the entire producing oil areas of the State of Oklahoma, and it appears to the Commission that it will be unable to conclude said hearing by the time of the expiration of the present effective orders looking to the prevention of waste and the restriction of oil output to meet market demands and transportation facilities, to-wit: Orders 5189, 5246, 5337 and 5343. The orders mentioned expire at midnight on the 10th day of October, 1930.

Now on this the 10th day of October, 1930, the Commission having under consideration the various verified applications in this cause upon which each of said orders have been based, together with the fact that the order is made pursuant to hearings had thereupon expires on October 10, 1930, is of the opinion and finds:

First. That it appears to be impossible to close the case now under consideration and which is in the process of hearing, in time to promulgate an order to take effect at the time of the expiration of Order No. 5189, 5246, 5337 and 5343.

[fol. 106] Second. That said orders pending the conclusion of the cause now being heard, should be extended and continued in full force and effect in the interest of the prevention of waste and the conservation of crude oil and petroleum products until such time as the present cause now being heard, may be determined and an order promulgated pursuant thereto.

Third. That Orders No. 5189, 5246, 5337 and 5343, should be extended by the Commission on its own motion until and

including the 20th day of October, 1930, or until further order of the Commission.

It is therefore the order of the commission, premises considered, that for the prevention of waste of crude oil and petroleum products within the State of Oklahoma and the pools described herein, Orders No. 5189, 5246, 5337 and 5343, together with other supplemental orders, be and the same are hereby extended in full force and effect until and including the 20th day of October, 1930, and until further order of this Commission.

Done at Oklahoma City this the 10th day of October, 1930:

Corporation Commission of Oklahoma. (Signed) C. C. Childers, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secy. (Seal.)

[fol. 107] No. 5369, dated October 28, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5369

In the Matter of the Application of WIRTH FRANKLIN for Rules and Regulations to be Established by the Commission to Prevent Waste of Petroleum in the Producing Oil Fields of the State of Oklahoma.

ORDER

Comes now petitioner herein and various and sundry producers of oil in the State of Oklahoma, and this matter having been set for hearing on this 10th day of October, 1930, and the Commission having heard and considered the evidence of the petitioner and sundry other persons, and the evidence of any and all persons opposing the petition and the supplemental petition herein, and the Commission having made an investigation of the facts alleged and of the conditions in the oil fields of Oklahoma, and being fully advised in the premises, finds as follows:

(a) That areas to be covered by the rules and regulations herein prayed for are all of the oil producing areas in

the State of Oklahoma and those new sands or areas which may be brought into production during the months of October, November and December, 1930.

(b) That notice by publication on all persons or classes interested in this proceeding and in the rules and regulations to be established hereby has been given, as required by law, in a newspaper of general circulation in this State, and that, in addition, reasonable notice in writing has been served personally on all persons, firms and corporations known to petitioner to be interested in this proceeding and due proof of service of notice has been made and filed herein.

(c) The Corporation Commission finds from the evidence that there is an overproduction of crude oil in the State of Oklahoma attended by waste of gas and of gas pressure and that the producers of crude oil in the oil pools of Oklahoma are threatening to and will, unless restrained by the rules and regulations of the Corporation Commission, commit physical waste of crude oil, economic waste, underground waste, surface waste and waste incident to the production of crude oil or petroleum in excess of transportation or marketing facilities or reasonable market demands, and that the commission of such waste is so imminent in each of the areas involved in this proceeding that orders, rules and regulations of this Commission are necessary in order to prevent such waste.

The Commission further finds that there is a general overproduction and importation of crude and refined petroleum in the United States, and that this fact tends to reduce the amount of crude oil that can be produced in the State of Oklahoma without waste; that the potential production of crude oil in the United States is at this time approximately 10,000,000 barrels per day, and imports of crude and refined petroleum aggregate about 300,000 barrels per day, thus creating a total possible current supply of 10,300,000 barrels per day as against an approximate daily demand for domestic use and export of 2,800,000 bar- [fol. 108] rels per day. That by reason of this great over supply and threatened waste, potential production is now being curtailed in Oklahoma and other producing regions, and unless there is a continuance of curtailment of production in the areas involved herein, the conservation measures

now in effect in the other oil producing states may be abandoned, thus causing large quantities of petroleum to be produced in such other state in excess of their local demand and forced upon the market to the demoralization of the industry and a consequent increase in waste in this State and an undue exhaustion of our oil resources. The Commission finds that this petroleum situation constitutes a great state emergency and that the laws of the State of Oklahoma and the powers of the Corporation Commission should be availed of to remove the same.

(d) The Commission further finds from the evidence that, in addition to the excess of potential and actual production and imports over current demand, there are stocks of petroleum on hand in the United States aggregating more than 685,000,000 barrels, which stocks are excessive and beyond the needs of the petroleum industry. That by reason of the excessive supply thus indicated, the purchasers of crude oil in Oklahoma are unwilling to purchase crude oil in Oklahoma for storage purposes in any amount that would be adequate to take care of the surplus of potential production over current demand and that, therefore, there is not sufficient empty tankage available to take care of said excess and unless potential production in Oklahoma is curtailed, much oil would necessarily go to earthen storage where it would evaporate and escape and thus be wasted. The Commission further finds that the storage of oil in Oklahoma under existing conditions would involve waste for the further reason that there is already an excess of stored oil locally and, there is being an oversupply, oil now stored would have to remain in storage for a great length of time and would deteriorate.

(e) The Commission finds from the evidence that in order to curtail the production of crude oil in Oklahoma in a manner to prevent the commission of waste and to protect the coequal rights of producers in each pool, it will be necessary to enforce proportionality of taking from the wells and losses in each of the pools where the potential production thereof exceeds the reasonable market demand therefrom, and that unless such proportionality is required, injustice would be done as between producers in the same pool in that drainage would occur from the less active leases or wells to the more active leases or wells, and undue proportion of

the gas pressure would be utilized by some operators to the detriment of others and unfair discrimination would arise as between pools.

(f) The Commission further finds that the potential daily production of crude oil from the wells in Oklahoma during the month of October, 1930, is and will be approximately 3,638,478 barrels and that during the months of November and December, 1930, the said potential daily production will be 4,142,872 barrels and 4,244,294 barrels respectively, and that the daily demand for crude oil from Oklahoma is and will be approximately 550,000 barrels in October, 545,000 barrels in November and 535,000 barrels in December, 1930. That therefore, and by reason of the facts found in this order, the potential production from each of the pools and classes of pools involved in this proceeding is so far in excess of the reasonable market demand that the full potential production cannot be produced without waste.

[fol. 109] The Commission further finds that the above mentioned potential production is only that from the wells which would be permitted to produce under this and preexisting orders of this Commission and does not include wells which by said orders are required to remain shut-in for the length of time therein prescribed; that if no restraint were placed upon producing wells or wells now completed or upon wells hereafter drilled during the months of October, November and December, the potential production of the State of Oklahoma would be much greater than that above stated and would exceed all transportation and marketing facilities and reasonable market demands to such an extent as to force large quantities of oil into earthen storage in this State and otherwise cause waste of a character prohibited by the laws of the State of Oklahoma. In order to prevent such waste, the Commission finds that it is necessary to curtail the production from the pools in this State and each of them during the said months of October, November and December, 1930, and acccording to the subjoined schedule showing the classes of pools to be prorated, the potential production of each, the estimated daily production of each under proration and the percentage of potential production allowable in each pool and the resulting, total production, under proration, for the said three (3) months period.

{fol. 110} Suggested Potential and Allowed Production of Crude Oil, State of Oklahoma Proration Schedule**
October 1, 1930, to December 31, 1930

	October		November		December	
	Estimated potential	Estimated production	Estimated potential	Estimated production	Estimated potential	Estimated production
Class A Pools:	259,280	202,965	257,040	201,770	254,950	200,725
Class B:						
Allen (Wilcox)	8,825	4,413	8,335	4,168	7,920	3,960
Allen (Cromwell)	17,389	8,695	16,867	8,433	16,361	8,180
Bowlegs	27,477	13,734	26,653	13,326	25,853	12,927
Earlsboro (proper)	27,805	13,903	26,971	13,485	26,162	13,081
Earlsboro Townsite	10,000	5,000	9,700	4,850	9,400	4,700
Little River	45,132	22,566	43,778	21,889	42,465	21,232
East Little River	23,482	11,741	22,700	11,350	22,000	11,000
Marshall-Lovell	5,000	2,500	5,000	2,500	4,500	2,250
Maud	5,541	2,771	5,375	2,688	5,214	2,607
Mission	14,233	7,117	13,806	6,903	13,392	6,696
Sasakwa	10,300	5,150	9,785	4,893	9,295	4,648
Searight	12,809	6,405	12,425	6,212	12,052	6,026
Seminole	27,616	13,808	26,788	13,394	25,984	12,992
East Seminole	4,021	2,011	3,900	1,950	3,783	1,892
St. Louis	37,803	18,902	36,669	18,334	35,569	17,784
Sub-total	277,433	138,716	268,752	134,375	259,950	129,975
Class C:						
Carr City	22,415	6,936	25,965	7,783	28,510	8,380
South Earlsboro	36,000	9,000	33,000	8,250	30,000	7,500
Sub-total	58,415	15,936	58,965	16,033	58,510	15,880
Class D:						
Konawa	89,500	18,188	88,365	17,933	84,234	17,117

Class E:						
East Earlsboro	45,000	15,000	43,000	15,000	40,000	15,000
West Asher-Wanette	50,000	7,200	45,000	7,200	41,000	7,200
Sub-total	95,000	22,200	88,000	22,200	81,000	22,200
Class F:						
Tatums	18,000	4,000	15,000	4,000	12,000	4,000
Chandler	25,000	2,500	25,000	2,500	25,000	2,500
Sub-total	43,000	6,500	40,000	6,500	37,000	6,500
Class G:						
West Perry	1,200	600	1,150	600	1,100	600
Orlando	850	400	825	400	800	400
Twp. 20 N., R. 4 W.	800	400	775	400	750	400
Sub-total	2,850	1,400	2,750	1,400	2,650	1,400
Class H:						
Oklahoma City	2,800,000	131,095	3,319,000	134,589	3,446,000	131,003
Wild cat Wells	3,000	3,000	10,000	200	10,000	200
New Wells (Outside of Oklahoma City) Free Production.						
For Testing	5,000	5,000	5,000	5,000	5,000	5,000
Unprorated Small Wells in Prorated Areas	5,000	5,000	5,000	5,000	5,000	5,000
Total State	3,638,478	550,000	4,142,872	545,000	4,244,294	535,000

**Note: See detailed description of curtailment procedure for each class of pools.

[fol. 111] (g) The Commission finds from the evidence that the curtailment and the varying percentages as between pools prescribed in the schedule contained in paragraph (f) herein are necessary and reasonable in order to reduce production in this State to the reasonable market demand and in a manner least injurious to the producers and royalty owners as a whole, and in order to prevent unfair and unreasonable discrimination in favor of any one pool or common source of supply as against another.

The Commission finds that the varying percentage of curtailment as between pools as set forth in paragraph (f) of this order are necessary, fair and reasonable, because of the peculiar conditions in each case and in this, to-wit: that said pools are not all served in common by the same pipelines and purchasers; that the reasonable market demand from certain of them is greater in proportion to potential production than in the case of others; that some of them are older than others and have been prorated longer than others, under orders of the Corporation Commission, with a consequent greater reduction in potential flow and smaller possible production per well per day and are, therefore, accorded a higher percentage allowable production; that in many cases individual pools are served by local purchasers whose facilities cannot be extended to the others, and in certain of the pools the sand and water conditions prevent as great curtailment as is possible in others, and that in certain pools there is a more intensive drilling campaign and wells of larger capacity than in others. The Commission also finds that in the making of said schedule in paragraph (f) the producers and purchasers in all of said pools were consulted and meetings of said producers and purchasers were held at which all of the foregoing factors were considered and that said schedule represents the consensus of opinion of said producers and purchasers as to reasonableness of arrangement, necessity and convenience of producers and purchasers and equity as between the various common sources of supply.

The Commission finds that the basis of classification of pools for the application of the varying percentages of curtailment as shown by the schedule in paragraph (f) herein is the existing relation between the potential production of each pool and the amount of crude oil which can be produced

from said pool without waste. That because said relation is not the same in all the pools involved, the percentages of curtailment must necessarily vary as between pools. A uniform percentage applied to all pools would result in the permitted production from some of them being less than the reasonable market demand therefrom, while in others the permitted production resulting from such uniform percentage would exceed the amount which could be produced therefrom without waste.

(h) The Corporation Commission finds that by virtue of the facts, as herein set forth, (1) that it is necessary to curtail production in each of the pools herein mentioned in order to reduce the output of the State to reasonable market demands from the State as a whole, and thus to avoid waste, and (2) that the plan and schedule of percentages as contained in paragraph (f) are necessary to be observed in the case of each lease in order to prevent the inequitable or unfair taking by any person, firm or corporation from any one of said pools as a common source of supply and to prevent [fol. 112] unreasonable discrimination in favor of any one such common source of supply as against another, and by virtue of the further fact that no one purchaser nor all of the purchasers together and no one pipeline or transporter nor all pipelines and transporters together is or are able or willing to purchase and/or transport all of the oil from all of said pools, it is necessary that each purchaser and transporter from each of said pools conform and apportion his takin-s from each lease and pool to the percentages of potential output applicable thereto as set forth in the said schedule contained in paragraph (f) herein.

And said Commission further finds that if any purchaser or transpo ter should fail or refuse to so conform but should violate the plan as set forth in paragraph (f) by taking more than the due proportion as fixed by said plan, from any lease or leases in the said prorated areas, his action would have the immediate effect of discriminating against and of doing injury to surrounding owners by drainage and disproportionate use of the gas pressure and of creating discrimination as between pools and would have the further effect of hindering, impeding or disrupting the whole plan -r scheme for the prevention of waste as adopted and promulgated by the Corporation Commission. For these

reasons the purchasers and transporters now serving each or any of said pools, or who may hereafter do so, are hereby made parties to this proceeding and said purchasers and transporters are hereby prohibited from violating the rules and regulations and orders of the Commission as herein set forth or in any manner aiding or abetting any producer in so doing.

(i) The Corporation Commission further finds that in addition to the prevention of waste of crude oil, the establishment of the curtailment plan in this order set forth will tend to conserve natural gas and gas pressure in the pools to which it shall be applied.

(j) The Commission finds that since the making and issuance of Order 5189 in Cause No. 10,146, the potential production of the Oklahoma City pool has increased to approximately 2,800,000 barrels per day and, by reason of the large number of wells now drilling or awaiting production in said pool, such potential will probably increase to 3,319,000 barrels per day in November and to 3,446,000 barrels per day in December. That the reasonable market demand for oil in said pool heretofore existing has been so small in proportion to the present potential production that it is necessary, if possible, that the market outlet from said pool be increased in order to prevent unreasonable discrimination against said Oklahoma City pool. In this connection, the Commission finds that a number of purchasing companies desire to and have already reduced the amount of their purchases in the so-called older pools in the State not heretofore prorated under order of this Commission, and that said purchasers desire to purchase a greater amount of oil in the Oklahoma City pool than they have heretofore taken. The Commission further finds that, by reason of the readjustment of purchases as herein stated as between pools not heretofore prorated and the Oklahoma City pool, the potential production of said pools not heretofore prorated will exceed the reasonable market demand therefrom, and that it is necessary to now prorate said older pools, which are hereby designated as "Class A" pools. That it is necessary to curtail the output from said "Class A" pools 50% of the excess in each pool over and above an average of 5 barrels per well per day and that this curtailment is neces-

sary in order to avoid discrimination as between the said [fol. 113] "Class A" pools themselves and as between the said "Class A" pools and the other pools of the State and to prevent waste of crude oil in said "Class A" pools and to protect the coequal rights of the producers therein.

The Commission further finds from the evidence that the best manner of applying curtailment of said "Class A" pools, is as follows; to-wit: That in each of said "Class A" pools all leases therein where the per well average per day is five barrels or less should be exempted from curtailment or proration because to curtail or prorate said 5 barrel well or wells making less than 5 barrels would be to reduce the gross income therefrom below the cost of operation and thus compel their abandonment which would constitute a waste of an irreplaceable natural resources, and for the further reason that many of such wells produce water along with the oil and it is necessary to pump them each dau in order to prevent their injury by water encroachment. That in each of saic "Class A" pools each lease should receive said exemption up to an average of 5 barrels per well per day but in the case of those leases where the average per well exceeds 5 barrels per day, the excess should be curtailed 50% so that, for example, an 80 acre lease with 8 wells thereon which is making a total of 100 barrels per day should be curtailed and prorated so that it would receive an exemption of 40 barrels and the remaining 60 barrels of potential should be cut to 30 barrels, so that the total allowable production from such lease would be 70 barrels per day. In this manner the Commission estimates that the production from the hitherto unprorated fields will be decreased approximately 50,000 barrels per day and to the reasonable market demand therefrom and that this curtailment will fall approximately 10,000 wells out of a total of approximately 60,000 wells hitherto not prorated, and that of said 60,000 wells, the 50,000 smallest wells will remain uncurtailed under this plan and for the reasons above stated.

The Commission finds that the full potential production from the Oklahoma City pool cannot be produced without waste, including physical waste and waste incident to the production of crude oil or petroleum in excess of the reasonable market demand, and that the reasonable market de-

mand from said pool at the present time is approximately 131,095 barrels per day, and that in the month of November said reasonable market demand from said pool will be approximately 134,589 barrels per day, and that in the month of December the reasonable market demand from said pool will be 131,003 barrels per day, and that the market demand herein named is somewhat contingent upon transference by the purchasing companies of purchasing power from the "Class A" pools herein to the Oklahoma City pool and upon ability to transfer pipeline connections, and the Commission therefore finds that the orders, rules and regulations should be made sufficiently flexible so that increases or decreases in market demand from said Oklahoma City pool and increases or decreases in potential production therefrom, can be recognized by ancillary orders of the Commission, and that for this purpose the Umpire and Operators' Committee should be instructed to compute from time to time, the rate of curtailment necessary in order to conform the permitted production to the reasonable market demand from the said Oklahoma City pool and to report the same to the Commission with the facts in support thereof as a basis for such ancillary order; it being understood, however, that whatever reasonable market demand develops for crude oil from the Oklahoma City pool shall be prorated among all the producing wells therein, so that each well will be permitted to produce its proportionate share of the amount of oil that may be produced from said field without waste.

[fol. 114] (k) The Commission finds that the potential production of the State of Oklahoma now so far exceeds the reasonable market demand from said State as a whole, and the resulting curtailment of producing wells has become so drastic and severe, that it would be inequitable and unfair and discriminatory to hereafter permit full production from wild-cat wells hereafter drilled which open new pools, sands or zones, and the Commission therefore finds that all wild-cat wells or wells opening new pools, sands or zones completed or brought into production after the date of this order should be limited to a production of 50 barrels per well per day, after one day open flow for test, and until otherwise ordered by the Corporation Commission.

The Corporation Commission has examined many witnesses in this case, and has afforded an opportunity for

everyone interested to be heard. There has been some contention that proration of the Oklahoma oil pools is a scheme or device to limit production and to maintain the price of crude oil, but this Commission asserts that its orders have been and are now based solely upon the purpose to prevent waste of crude oil in the various oil pools of the state, and, in the process of so doing, to require ratable or proportional taking from each of the wells in a common source of supply or pool where curtailment of production from the pool as a whole is necessary to prevent waste, and that this Commission has exercised its independent judgment in prescribing the proration orders, and has not attempted to influence price of crude oil or refined products, and that if any such effect has occurred it is purely incidental and not intended. In this connection the Commission finds that from 65% to 75% of the crude oil sold from the wells in Oklahoma is sold to refiners and purchasers who take it outside of the State of Oklahoma, and which oil so sold goes into the world market for petroleum in competition with crude oil from Venezuela, Mexico, Columbia, Peru, California, New Mexico, Kansas, Texas, Louisiana, Arkansas, and other producing areas, and that the price at which it is sold is fixed, not by this Commission, but by the freeplay of competition and by the relation between supply and demand in the said world market; that the market price for said oil is evidenced by the price regularly posted and offered by the principal purchasers of oil, and that practically all of the oil that is sold in Oklahoma is sold at said regular posted market price, and that there is no evidence that proration in Oklahoma has had any affect upon said price.

The Commission further finds that proration has been in effect in various oil pools in the State of Oklahoma almost continuously from October, 1926, to the present time, and that during said period the regular posted market price for crude oil in this state has declined about 40% and has not been maintained or affected by proration in this state so far as this Commission is able to determine; that there is plenty of crude oil now available for purchase by refiners in the State of Oklahoma and the Commission has taken every precaution to make its orders so flexible that

no reasonable market demand for crude oil from any pool in the State shall be denied.

There was evidence adduced at the hearing tending to show that there is a difference of opinion among operators and experts as to whether time proration, as applied in the Oklahoma City field, or proration based upon a percentage of daily potential production, is the better method of securing proportional taking without injury to the wells. [fol. 115] This Commission has provided in its orders a degree of flexibility by which either time proration or what is known as percentage proration might be utilized in each of the pools involved upon application of any operators, or upon application of the Umpire or Operators' Committee supported by proper evidence. The operators in the Oklahoma City pool have, up to this time, unanimously recommended to this Commission that proration in that pool be applied according to the time method, and it has been for this reason that time proration has been in effect in the Oklahoma City pool. The Commission cannot find from the evidence now before it that a change from time proration to percentage proration should be ordered, nor whether a combination of the two methods might be utilized with advantage in said pool. The Commission therefore sets this particular matter for hearing before this Commission at 10 o'clock A. M. on the 5th day of November, 1930, and will give all operators in the field an opportunity to be heard on the question whether such change should be made. In the meantime, and until otherwise ordered by the Commission, time proration will be continued in the Oklahoma City field.

The Commission finds from the evidence that crude oil and natural gas occur together, or in close proximity to each other in the ground, and that there is a common gas pressure throughout a common pool which exerts an energy or force to move the gas and oil toward the point of least resistance, and that therefore when wells are drilled into a pool or structure the oil and gas become migratory, and, having the power of self transmission, will move from one property to another, underground, in such pool; and that when some of the wells in such a common pool are permitted to produce at a greater proportion of their capacity than others, drainage occurs from the less active to the more active wells, if such disproportionate condition is con-

tinued; that in the Oklahoma City pool there is a heavy gas pressure which would cause such drainage should disproportionate taking of crude oil and gas be permitted that the history of the oil producing business in this and other surrounding states shows that in the case of flush pools where proportional taking from the wells is not enforced, and where the full production from the pool cannot be taken, either because of inadequate transportation facilities or because the reasonable market demand does not equal the potential production, producers who do not have physical or market outlets will be forced to produce their well to capacity in order to prevent drainage of the oil to the wells of such producers as do have adequate physical or market outlets. In such cases, in the absence of adequate steel storage available to every producer, some of them will flow the oil into earthen pits. This has occurred many times in the oil pools in Oklahoma and surrounding states and has always cause- actual physical waste of the crude oil through evaporation, leakage, and washouts to a very large extent. The Commission finds that this would be the case in the Oklahoma City field, and in many other fields of the state if production were not curtailed as provided in this order.

The Commission further finds that to permit the wells in the Oklahoma City field to flow wide open and continuously, without limitation as to time, would cause serious underground waste.

A protest has been filed by the producers and refiners in Stephens County against the application of this order to the wells in said county, and some evidence has been introduced tending to show that at least some of the wells in the pools in said county produce such large quantities of salt water that they might be injured by enforcement of the degree of curtailment provided for in the case of the "Class [fol. 116] A" pools. The Commission is unable to determine from the evidence now before it whether any or all of the pools and leases in Stephens County should be exempted from proration on account of possible injury to the wells, or on account of the state of the market demands in said county, and for these reasons the Commission will hold this order in abeyance as to the oil pools in Stephens County until a more particular examination of the wells

and leases, and of the reasonable market demand for crude oil from said pools can be made under the supervision of this Commission; and, to that end, the Umpire and the Chief Oil & Gas Conservation Officer, and the Operator's Committee, are hereby directed to make an immediate and detailed examination of the producing and operating conditions in said pools, and with respect to the market demand from the pools in said county, and to report the same to this Commission on or before 10 o'clock A. M., November 7th, 1930, at which time this Commission will hear the reports of the said Umpire, Agents and Operator's Committee, and any interested person with reference to the application of the order to said Stephens County pools, any modification thereof that should be made, or any exemption that should be granted.

The Corporation Commission further finds that the allegations of the supplemental petition filed herein are true and correct, and that accordingly these conditions of waste now exist in said pools, and commission of waste is imminent, and the same should be prohibited and prevented, and the following rules and regulations are necessary, reasonable and appropriate for that purpose.

It is therefore ordered by the Corporation Commission of the State of Oklahoma, as follows:

1

The areas to be subjected to the rules and regulations of the Corporation Commission are all of the oil pools in the State of Oklahoma, and such new pools, sands or zones as may come into production during October, November and December, 1930.

2

Ray M. Collins is hereby appointed as Umpire and Agent of the Commission to enforce the rules and regulations herein made and he is hereby authorized to employ as many assistants as he shall deem necessary.

3

Where percentage proration is applied a gauge of producing wells shall be taken in the following manner: the gauge to determine potential shall be taken by each opera-

tor in the pool in respect of the lease or leases owned by him therein and then producing, such gauge to be taken between the hours of seven A. M. on the day set by the Order of the Commission, and seven A. M. on the following day. Prior to the taking of such gauge and in respect of each producing lease covered hereby the Umpire shall appoint a representative of an operator owning a lease adjoining the particular property to be gauged, and shall notify the operator whose property is to be gauged of the name of the representative, such notification to be given prior to the taking of such gauge. It shall be the positive [fol. 117] duty of such representative to remain on the lease that is being gauged throughout the entire day that the gauge is being taken to witness the gauging of the production therefrom; and immediately upon the completion of such gauge, such witness and the operator whose property was gauged shall file a written statement with the Umpire showing the production of said lease, and of each well thereon for the day said gauge is taken. The production so shown shall constitute the potential for said lease until the next gauge is taken. During the time this Order is in force a similar gauge of each property shall be taken from time to time as the Umpire and Operators' Committee may designate but not less than one each month, except that in the entire Greater Seminole area, aside from South Earlsboro, East Earlsboro, East Little River, Sasakwa, Konawa, West Asher-Wanette, Earlsboro Townsite and Wilcox wells in Allen pools, and in the "Class A" pools, the gauge may, upon direction of the Umpire, be determined by applying the proper decline curve for each lease so gauged.

Oklahoma oil production shall be limited to an average of approximately 550,000 barrels per day during October 1930; 545,000 barrels per day during November 1930, and 535,000 barrels per day during December 1930; said figures represent the estimated demand during said period and same shall be used as the basis for the limitation of production in this State until the Corporation Commission shall find from evidence that the same should be changed.

Each person, firm or corporation having the right to drill into and produce oil from any of the flush or semi-flush pools or areas and extensions thereof that are covered by this Order may take from such pool or area and extension

thereof only such proportion of all crude oil and petroleum that may be produced therefrom under this Order as the production of the well or wells of such person, firm or corporation in said pool or area bears to the total potential production of such pool or area. In the case of each such pool or area the Umpire and the Operators' Committee for said pool or area shall recommend whether the production shall be curtailed on a time basis or on the casis of a percentage of potential daily production but such decision shall be reported by the Umpire to this Commission for approval and in no event shall any pool and its extensions be permitted to produce more than its allowable output as fixed by this Order.

The Commission may, by ancillary order, temporarily reduce the allowable percentage of production for any pool upon the recommendation of the Umpire and Operators' Committee that it is necessary to do so in order to allow producers who may be underproduced to catch up with their respective quotas.

5

Where shortage and overages have occurred under previous orders of this Commission, the same shall be carried forward and adjusted during the month of October. Any lease showing an overage of one barrel or more at November 1st, or at the first day of any month thereafter during the life of this Order shall be immediately reported by the Umpire under oath to the Corporation Commission as a basis for citation and such report shall contain in addition to the location of the property and the amount of the overage, the names and addresses of the lessee, the purchaser of the oil and the transporter. Leases which are being gauged according to a decline curve and showing a shortage at the end of any month of more than two days allowed production shall take as their potential for the following month the daily average production of the last ten days of the month. And in the case of such leases, shortages of two days' allowable production or less shall be credited on the next month's allowed production.

[fol. 118] 6

To establish equality between producing wells and drilling wells, each well now drilling in any of said areas, or

which may be commenced in said areas or in any new areas prior to December 31, 1930, shall take a delay prior to being brought into production, equal to the accumulated shut-in time and accumulated equivalent time resulting from pinching or producing wells from the beginning of the proration period in each pool, said period of delay to be computed in each instance after allowing seven (7) days for the cement to set: Provided the maximum shut-in time in each of said pools shall be according to the following schedule:

Area	No. of days cement to set	No. of days of open flow for test	Days Shutdown	Total
Oklahoma City	7	1	57	65
East Earlboro	7	1	41	49
Konawa	7	1	16	24
West Asher-Wanette	7	1	16	24
Marshall-Lovell	7	1	16	24
South Earlsboro	7	1	16	24
Seminole, et al.	7	1	16	24

Previous orders of the Corporation Commission as to wells now completed but not on production shall be continued in effect as to the shutdown requirements therein. Wildcat wells hereafter completed and opening new pools, sands, or zones shall have one day of open flow for test and thereafter the production therefrom, together with that from subsequently completed wells therein, shall be pinched in to 50 barrels per well per day until further order of the Corporation Commission. A wildcat well shall be considered as one outside of a pre-existing drainage area.

7

That all purchasers and pipeline carriers of oil in the State of Oklahoma be and they are hereby forbidden to aid or abet producers in violating this Order by purchasing or carrying oil produced in violation of these orders of the Commission.

8

Attention of the producers in each pool is hereby directed to Section 7959, Compiled Oklahoma Statutes, which provides that any person, firm or corporation may institute proceedings before the Corporation Commission or apply

for a hearing upon any question relating to the enforcement of the conservation laws. In this connection, producers in each of the pools in Oklahoma are invited to appear before the Commission at any time that they may deem themselves peculiarly injured by the administration of this order in any particular or in any manner discriminated against, and the Commission will hear and act upon the evidence disclosed in such hearing. Notice should be given to the Umpire and Operators' Committee of the intention to thus appear before the Commission on any such question.

9

Class A Pools: All oil pools in the State not heretofore prorated under the order of the Corporation Commission No. 5189, 5246 and 5292 shall be designated as "Class A" pools. All leases in said pools which have a potential production in excess of an average of 5 barrels per well per day shall be curtailed 50% of the excess over such 5 barrels per well per day average. In all leases in said pools [fol. 119] an exemption from proration of an average of 5 barrels per well per day shall be allowed. The following is an illustration of what is intended by this regulation, to-wit: an 80-acre lease with 8 wells thereon which is making a total of 100 barrels per day will be allowed an exemption of 40 barrels and the remaining 60 barrels will be cut to 30 barrels so that the total allowable production from the lease as a whole will be 70 barrels. The pipelines and purchasing companies are hereby directed to observe and enforce this regulation in said "Class A" pools and to assist the Umpire and Operators' Committee in carrying out the requirements hereof.

10

Class B Pools: The following semi-flush pools shall be placed in "Class B", to-wit: Allen (Wilcox), Allen (Cromwell), Bowlogs, Earlsboro (proper), Earlsboro Townsite, Little River, East Little River, Marshall-Lovell, Maud, Mission, Sasakwa, Searight, Seminole, East Seminole and St. Louis.

These pools shall be curtailed in the following manner: Allowed production, 50% of potential production with

this qualification—that in the case of any lease not capable of making in excess of 50 barrels per day, it shall be allowed an exemption of 5 barrels per well per day and the curtailment of 50% shall only be applied to the excess over an average per well of 5 barrels per day.

11

Class C Pools: The following pools shall be placed in "Class C", to-wit: Carr City pool with its new extension and South Earlsboro pool. These pools, to recognize the market outlet and to conform to the peculiar conditions therein shall be curtailed according to the following schedule:

Average barrels per well per lease:

300 barrels or more—allowed production	25%		
200 to 300 barrels— " "	30%	not over 75 bb.	
100 to 200 barrels— " "	37½%	" " 60 "	
Less than 100 bbls. " "	50%		

Also, in these pools where a lease is not capable of making more than 50 barrels per day, there shall be allowed an exemption of 5 barrels per well per day as in "Class B".

12

Class D Pools: Konawa Pool. There being no other pool in the State similar position to that of Konawa, it is placed in a class by itself and shall be prorated on the following schedule:

Average barrels per well per lease:

400 bbls. or more—allowed production	18¾%		
300 to 400 bbls— " "	22½%	not over 75 bbls.	
200 to 300 " — " "	26¼%	" " 67 "	
100 to 200 " — " "	37½%	" " 53 "	
Less than 100 bbls.			

[fol. 120] Also, in this pool, leases not capable of making over 50 barrels per day shall be granted on exemption of 5 barrels per well per day as in "Class B".

—

Class E Pools: East Earlsboro and West Asher-Wanette. Owing to the changing relation between the potential production and the market outlet from these pools, it is or-

dered that each of them be limited in production to a stated figure representing the present market outlet which, in the case of the East Earlsboro pool, is 15,000 barrels per day; and in the case of the West Asher-Wanette pool is 7,200 barrels per day. And that the Umpire and Operators' Committee be required to ascertain and compute from time to time the percentage of potentual production which may be allowed to conform the permitted production to the market outlet and to report the same to the Corporation Commission as the basis for an ancillary order. But in these pools the 5 barrel per well exemption in leases not capable of makin- in excess of 50 barrels per day shall apply as in "Class B".

14

Class F Pools: Tatums and Chandler Pools. Both of these pools have new extension with potentially large wells along with old, small wells. Having in view the present market outlet from these pools, it is ordered that they be curtailed in the following manner:

Wells with a potential daily production of 400 barrels or more shall be allowed 100 barrels daily. Wells with a daily potential of from 100 barrels to 400 barrels shall be allowed 50 barrels per day. Wells with a daily potential production of less than 100 barrels shall be allowed an exemption of 5 barrels per day and be curtailed 50% of the excess over 5 barrels.

Provided: That the Umpire and Operators' Committee shall, from time to time, make a survey of the market outlet from each of said pools and in case the market demand increases, this fact, together with suggested changes in the percentage of allowable production, shall be reported to the Commission as the basis for an ancillary order.

15

Class G Pools: West Perry, Orlando and Township 20 North, Range 4 West. These new pools unascertained possibilities are now being curtailed on the basis of the following maximum allowed output which shall be continued until otherwise ordered by the Commission, to-wit:

West Perry	600	barrels	daily
Orlando	400	"	"
Twp. 20 R. 4 W.	400	"	"

16

Class H Pools: The Oklahoma City pool. The Corporation Commission allocates to the Oklahoma City pool an outlet of 131,095 barrels per day in October, 134,589 barrels per day in November and 131,003 barrels per day in December. This nomination of the total permitted production of the pool shall serve as a basis for fixing the proportional production of the wells in said pool until the [fol. 121] Commission finds from evidence that a greater or less reasonable market demand obtains. The Umpire and Operators' Committee are directed to compute the percentage of proration from time to time as found necessary to conform the permitted production to the reasonable market demand and to report their findings to the Commission as a basis for an ancillary order.

It is further ordered that whatever reasonable market demand from the pool shall exist at any time shall be prorated and allocated among all the producing wells, so that each well shall receive its prorata share of the reasonable market demand, and the pipeline companies are hereby directed to cooperate with the Umpire in so arranging pipe line connections that there shall be no discrimination in favor of one producer and against another.

17

The Commission will, in separate order, name for the various pools embraced within the terms and provisions of this Order, Operators' Committees for each of said respective pools and territories embraced herein. This will be necessary for the reason that the law required the approval of His Excellency, the Governor of the State of Oklahoma, in the appointment and designation of such officials.

Jurisdiction of this cause is hereby retained by the Corporation Commission, and notice is hereby given that supplemental and ancillary orders may be made herein from time to time as required by new developments and as instructions to the Umpire and Operators' Committee. When in the judgment of the Umpire or any Operators' Committee any adjustment or fixing of percentages of well production as provided in this order shall be proper, or as any

such supplemental or ancillary order shall become necessary the facts supporting the necessity therefor and the reasonableness thereof shall be reported to the Commission for approval, and no exception to these rules and regulations shall be allowed by the Umpire or Operators' Committee, nor shall any adjustment of percentages or well production become effective, unless approved by such an ancillary order of this Commission. Should the demand for crude oil from the State of Oklahoma increase prior to December 31, 1930, to such an extent as to permit a greater outlet from the pools herein mentioned, the Umpire shall report the facts to the Commission, together with the recommended percentages, and the Corporation Commission hereby gives notice that such revised percentages may be substituted for the percentage provided for in this order.

Done at Oklahoma City this the 28th day of October, 1930.

Corporation Commission of Oklahoma. (Signed) C. C. Childers, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secy. (Seal.)

[fol. 122] No. 5374, dated November 3, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5374

In the Matter of the Application of Otto Bradford for the Promulgation of Supplemental Rules and Regulations to be Established by the Corporation Commission in the Prevention of the Waste of Crude Oil and Petroleum Products and for the Equalization of Ratable Taking of Crude Petroleum from the Oklahoma City Oil Field, Oklahoma County, Oklahoma

FINDINGS OF FACT, OPINION AND ORDER MODIFYING AND SUPPLEMENTING ORDER No. 5369

On the 28th day of October, 1930, the Corporation Commission of the State of Oklahoma made and entered its Order No. 5369 after a lengthy hearing at which much tes-

timony was introduced with respect to the conditions under which crude oil and petroleum products are being produced in what is known as the Oklahoma City pool located adjacent to Oklahoma City, Oklahoma. By the terms and provisions of said Order No. 5369 it was found that there should be allocated to the Oklahoma City pool an outlet of 131,095 barrels per day in October, 134,589 barrels per day in November, and 131,003 barrels per day in December, and that this outlet should be used as a basis for fixing the proportional production of the various wells in said pool, until the Commission should find from evidence that a greater or less, reasonable market demand obtained. The Umpire and Operators' Committee were directed to compute the percentage of proration from time to time as found necessary to conform the permitted production to the reasonable market demand, and to report their findings to the Commission as a basis for an ancillary order. It was further found and ordered that whatever reasonable market demand from the pool should exist at any time, should be prorated and allocated among all the producing wells so that each well should receive its prorata share of the reasonable market demand, and the order directed the pipe line companies to cooperate with the Umpire in so arranging pipe line connections that there shall be no discrimination in favor of one producer as against another. Jurisdiction was expressly retained by the Commission and notice given by the terms and provisions of the order, that supplemental and ancillary orders would be made upon application from time to time as new developments might require.

On October 23rd, 1930, application was made to the Commission by Otto Bradford, field Umpire for the Oklahoma City oil field, for modification of Order No. 5369 shutting in or closing down all producing wells which are at the present time evenly produced, or which at the present time are over-produced in the Oklahoma City field until all oil in storage has been run, and the under-produced wells have been allowed to catch up with the production to which they are now or have been entitled under the various proration orders now and heretofore in effect, and that the wells now drilling be penalized for the same period of time the producing wells were shut in. The application recites that un-

der the rules heretofore adopted there are a number of wells under-produced being unable to flow their wells on account of insufficient outlet to take care of the oil as produced, and that there has accumulated throughout the Oklahoma City field approximately 3,169,796 barrels of oil in lease storage which the producers have been unable to run because of insufficient pipe line facilities.

[fol. 123] The application then recites that at a producers meeting held in the Chamber of Commerce Rooms at Oklahoma City on the 22nd day of October, 1930, a Motion was put and carried by the producers present requesting the Corporation Commission to enter an order closing down all evenly produced wells or over-produced wells until the other under-produced wells are permitted to catch up with the production to which they are now and have been entitled and until all oil in storage has been run.

The matter was set for hearing before the Commission on October 30, 1930, at which time it was heard before the Commissioners Capshaw and Hughes. Testimony was taken in support of the application on that and the following day and the case closed. Testimony supports the allegations of the petition and clearly shows that under the proration orders now and heretofore in effect on account of limited transportation facilities, lack of pipe line connections and insufficient market demands, that certain of the oil producers in the Oklahoma City field have been unable to produce and market all the oil which they have been permitted to produce and market under the proration orders heretofore in effect, and that certain other producers have not been able to produce and market all that they were entitled to produce and market, and that some modification of the present order must be made in order to equalize the situation so as to afford all a reasonable opportunity of producing and marketing that oil which he is entitled to produce and market. This of necessity will result in the cutting down the production of these wells now evenly produced, the output of which has been evenly allocated in conformity to the rules heretofore in effect. This is necessary in order that justice may be done and in order that ratable taking may be fully realized by the oil producers in the Oklahoma City pool.

Now on this the 3rd day of November, 1930, the Commission having under consideration the matters and things in-

volved in said application, together with the testimony taken at the hearing, and after having given due consideration to all parties who desire to present testimony, is of the opinion and finds:

First: That there are a number of producing oil wells in the Oklahoma City pool that have been unable to flow their wells on account of insufficient outlet to take care of the oil as produced.

Second: That there are other operators and producers that have been unable to run the oil produced under the proration orders because of insufficient pipeline facilities.

Third: That it is necessary in order to equalize the ratable taking from the Oklahoma City oil pool and to equalize the opportunity of each producer in said field to produce and market his prorated share of oil produced from said pool, that Order No. 5369 be supplemented and modified by requiring the over-produced wells and the evenly produced wells be shut in and the production curtailed until such time as the under-produced operators and wells shall have had opportunities through pipeline facilities and marketing facilities, to make up such under-production in the ratable taking from said field.

It is therefore the order of the Commission, premises considered, that Order No. 5369 made and entered on the 28th day of October, 1930, insofar as it relates to the Oklahoma City oil field, be and the same is hereby modified and supplemented as follows, to-wit:

First. That on and after the effective date of this order, all producing oil wells in the Oklahoma oil pool which have served their sixty-five days shut-in, and are at the present time evenly produced under the terms and provisions of the proration orders heretofore enforced in said field, shall be allowed to produce until otherwise ordered, for a period of 4 hours for each 12 day period until such time as the under-produced wells in said pool have had opportunity to produce and market the amount of oil which they are now and have been entitled to produce under such proration [fol. 124] orders.

Second. That all new wells hereafter brought into production shall be permitted to flow a testing period of 8 hours after being brought in and shall thereafter be closed for the 65 day shut-in period, then shall be permitted to flow for a 4 hour period for each 12 days until such time as production in the field is shown to be equalized as between all wells; provided that the 8 hour testing period shall be charged against said well and against its allowable production.

Third. That all over-produced wells shall be shut in until such time as they are shown to be evenly produced, at which time they shall then be allowed to flow a period of 4 hours for each 12 days, until such time as production in the field is shown to be equalized as between all wells.

Fourth. Wells heretofore brought into production and have not flowed the 24 hour over period heretofore allowed, shall be considered as evenly produced as of the effective date hereof, and shall be prorated upon the basis of 4 hours for each 12 day period until such time as the production from all the wells in said pool shall be equalized.

Fifth. Under produced wells in the making up of their under production, shall be permitted to produce ratably as among the under produced wells to the full extent to which marketing and transportation facilities may permit.

Sixth. Oil in storage representing under run production which any operator has heretofore been entitled to produce and market, shall be considered as oil which the producer and owner is entitled to run, transport and dispose of under the terms and provisions of this order.

Except as otherwise provided herein, Order No. 5369 to remain in full force and effect.

Done at Oklahoma City this the 3rd day of November, 1930.

Corporation Commission of Oklahoma. ——, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: E. D. Hicks, Jr., Secy. Seal.

[fol. 125] No. 5387, dated November 8, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA.

Cause No. 10326. Order No. 5387

In the Matter of the Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Commission for the Prevention of Waste of Petroleum in the Producing Oil Fields of the State of Oklahoma and in the Matter of the Application of the Stephens County Area and Southern Oklahoma Pools for an Order Exempting said Fields from the Terms and Provisions of Order No. 5369

ORDER

On the 28th day of October, 1930, the Corporation Commission made and entered its Order No. 5369 by the terms and provisions of which proration of the production of crude oil and petroleum was ordered as among producers, and ratable taking required throughout the State of Oklahoma. However, at the time of the hearing a protest was filed by certain producers and refiners in the Stephens County oil area, and by other producers located and operating in Marshall, Carter, Grady, Garvin, Jefferson, Cotton and Comanche Counties on account of the fact that a great number of the wells in this producing area are producing large quantities of salt water, which, in the opinion of the operators, might effect injuriously such wells in case the production was curtailed by the proration scheme contemplated. The Commission found in that order that it was unable to determine from the evidence before it whether the exemption should be extended to these pools, and for that reason the order as to these counties was held in abeyance until a further and more particular study and examination of the wells and leases in this territory could be made. It was ordered by the terms and provisions of that order that the Umpire and Chief Oil & Gas Conservation Officer, together with the Operators Committee, should make an immediate and detailed examination of the producing and operating conditions in said fields and report same to the Commission on or before November 7th, 1930,

as a basis for the determination of the request of said operators. Such investigation has been conducted and certain recommendations have been made by the Umpire and Operators Committee for the territory under consideration.

The Umpire and Operators Committee have concluded that certain wells producing crude oil in this area would probably be injuriously affected by the extension of the proration scheme as set forth and contained in said Order No. 5369, and is of the opinion that certain wells on account of the encroachment of water, should be exempted from the requirements of the order made and entered on October 28th, 1930. It is impossible for the Commission to consider each particular well producing oil in this area, and for that reason is of the opinion that the Umpire and Operators Committee should be permitted, upon applica-
[fol. 126] tion and showing by any given lease, to exempt such lease temporarily from the terms and provisions of said Order until the matter may be submitted to and acted upon by the Commission, but that otherwise Order No. 5369 should be extended and made enforceable as to the Stephens County area including Stephens, Marshall, Carter, Grady, Garvin, Jefferson, Cotton and Comanche Counties.

Now on this the 8 day of November, 1930, the Commission having under consideration the matters and things involved, together with the recommendation of the Umpire and Operators Committee for Southern Oklahoma, including Stephens, Marshall, Carter, Grady, Garvin, Jefferson, Cotton and Comanche Counties, is of the opinion and finds:

First. That the terms and provisions of Order No. 5369 should be extended and made applicable to what is known as the Stephens County area, and to all producing pools located in Stephens, Marshall, Carter, Grady, Garvin, Jefferson, Cotton and Comanche Counties, provided, however, that the Umpire and Operators Committee heretofore selected, designated and appointed for these counties, should be authorized, upon application of the operator of any lease and a study of the conditions existing in the operation of the wells thereon, to exempt any such lease temporarily from the rules, regulations and requirements of said Order No. 5369, prorating the production therefrom.

Second. That all such leases which may be considered subject to exemption temporarily, shall be investigated and

a study made thereof, so as to permit the Umpire and Committee to formulate a final conclusion as to whether or not they should be permanently exempt, and recommend same to the Commission, and that upon final determination by the Commission, should any of such leases temporarily exempted from the terms and provisions of such order, be found subject to proration, then and in that event such leases, and the wells thereon shall be required to make up any over production during the period of time of the temporary exemption which may have been extended by the Umpire and Operators Committee, so as to equalize the production among all producers of the pools affected.

It is therefore the order of the Commission, premises considered, that the terms and provisions of Order No. 5369 made, entered and promulgated on the 28th day of October, 1930, be and they are hereby extended and made applicable to all that district comprising Stephens, Marshall, Carter, Grady, Garvin, Jefferson, Cotton and Comanche Counties, and in the various oil pools and producing leases in such area; provided, however, that the Umpire and Operators Committee heretofore designated, selected and appointed for said area, be and they are hereby authorized upon application of the operator of any oil and gas lease in said area, and proper showing, to temporarily exempt from the terms and provisions of said Order any such lease where it is shown that the encroachment of water would injuriously affect the wells thereon, so as to prevent, rather than to aid conservation of crude oil and petroleum; that said Umpire and Committee shall investigate any such conditions, even though temporary exemption may be extended, so as to ascertain fully the facts with respect to said exemption, and report to the Commission the result thereof with its recommendation as to whether or not the lease should be permanently exempted by the Commission, and if upon final investigation any such lease temporarily exempted should be found by the Commission to be subject to proration and not [fol. 127] entitled to exemption, then and in that event any such lease shall be required to make up any over production during said exemption, over and above that to which said lease would have been entitled had no exemption been extended.

As provided in said Order No. 5369, this matter will be left open for recommendation by the Umpire and Operators

Committee for modification, as conditions may justify from time to time.

This Order to be in full force and effect from and after the 8 day of November, 1930.

Corporation Commission of Oklahoma. C. C. Childers, Chairman. Fred Capshaw, Commissioner. ——— ———, Commissioner.

Attest: E. D. Hicks, Jr., Secy.

[fol. 128] No. 5396, dated December 4, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5396

In the Matter of the Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Commission for the Prevention of Waste of Crude Oil and Petroleum in the Producing Oil Fields of the State of Oklahoma

ORDER

On the 28th day of October, 1930, the Commission made and entered its Order No. 5369 in the above styled and numbered cause, by the terms and provisions of which rules and regulations and requirements looking to the prevention of waste in the production of crude oil and petroleum products within the State of Oklahoma were established. A supplemental Order was also made and entered on the 3rd day of November, 1930, dealing with the matter of the equalization of the amount of crude oil taken from the Oklahoma City pool under previous orders of the Commission, for the purpose of allowing under produced wells to produce in such way and manner as to catch up with the equally or evenly produced wells in said field. A hearing was had by the Commission on November 24th, 1930, upon the Commission's own initiative, for the purpose of attempting to determine in the Oklahoma City oil field the matter of whether or not proration in the future should be based and conducted upon the time basis of proration, or

whether or not it should be changed, and conducted upon the percentage or potential basis.

Testimony at all of the hearing- heretofore held by the Commission had been introduced with respect to the difficulty of ascertaining the exact amount of oil produced in a given time, and the difficulty in securing an equal and fair taking as between the various producers of the pool. At each of these hearings, suggestions have been made as to the propriety of requiring verified reports at stated intervals, from the operators, in order to secure this information in a more substantial form than has heretofore been possible under the method in use. It has also been suggested at different times, without dissention or dispute, that certain operators in the Oklahoma City pool have produced their wells by the method commonly termed "stop-cocking"; that is, by using the time allotted to any given lease in the production of the wells by heads and not continuously for the period of time allotted to the lease or to the well. This method of production, it is agreed results in an unfair taking from numerous wells in the field, as compared to the taking of other wells which are operated on an even time basis—that is by opening the well and allowing it to stay open and flow continuously for the period of time during which it is entitled to flow under the time basis of proration.

The Commission after having given considerable consideration to these matters, is of the opinion and finds:

[fol. 129] First. That a supplemental Order should be promulgated requiring a written statement signed by some authorized representative of the operator, and verified under oath by such operator, containing the number of the well, as well as the location of the lease on which same is located; the amount of time which the well was under produced or over produced, as the case may be, under present and prior orders of the Commission at the beginning of the current 12 day period; the current allowable time to be credited to said well for the current 12 day period, not including any underage accumulated prior to the first day of said period; the accumulated allowable time for the current 12 day period to be arrived at by adding together the amount of the underage, if any, and the current allowable time; the amount of the accumulated allowable time

for the current 12 day period which has been charged to said well up to 7 o'clock A. M. on the preceding day; the number of times said well was open for production during such preceding 24 hour period, and the hour and minute when oil from said well first reached the oil and gas separator each time the well is opened; the number of times such well was shut in during such 24 hour period, and the hour and minute each shutting in operation was completed; the amount of time charged against said well in pursuance of this and prior orders of the Corporation Commission during such preceding 24 hour period; the amount of allowable time remaining to the credit of such well for the remainder of the current 12 day period.

Second. That in the operation of the leases and wells in the Oklahoma City oil field under the present time proration basis, and in the computation of the 4 hour period as at present allowed by supplemental Order No. 5374 entered on November 3, 1930, the 4 hour allottable should be taken continuously and should be computed from the hour and minute oil production from any of said wells first reaches the oil and gas separator, and that in case any well is entitled to an allowable time of less than 4 hours during any current 12 day period, then when such well is opened for the purpose of taking its allowable time, such time shall be computed from the hour and minute oil produced from said well first reaches the oil and gas separator, and shall be computed continuously until such time is used; that any well under produced more than 4 hours shall be entitled to make up any such underage in 4 hour periods to be computed as above provided, and if any such under produced well in making up its underage, comes to a point when its underage is less than 4 hours, then such remaining underage shall be taken continuously, provided, in the event a well which is making up under production under the terms and provisions of Order No. 5374 adopted November 3, 1930, is not able to produce continuously for a full period as above defined, solely on account of the fact that the battery of lease tankage to which such well is connected is full, then and in that event such well shall not be charged with the full period, but shall be charged with the portion thereof prior to the hour and minute on which such battery of lease tankage became full, and the fact that such well

was unable to produce for a full period solely for such reason, and the number and capacity in barrels of the battery of lease tankage to which such well is connected shall be stated in the verified statement to be filed with the Corporation Commission as hereinabove provided.

It should also be required that copies of all statements filed with the Corporation Commission in pursuance hereof, shall at the same time be filed with the Umpire at his office in Oklahoma City, Okla.

[fol. 130] It is therefore the order of the Commission, premises considered, that from and after the effective date of this order, and until otherwise ordered by the Corporation Commission, each producer of oil in the Oklahoma City Field shall file with the Corporation Commission each day, as of 7:00 o'clock A. M. of such day, a written statement duly signed and verified under oath by such producer, or the authorized representative of such producer, giving as to each well in said field operated by such producer which was opened for production at any time during the preceding 24-hour period, the following information, to-wit:

(1) The number of the well and the name and location of the lease on which same is located.

(2) The amount of time which said well was underproduced or over-produced, as the case may be, under present and prior orders of the Corporation Commission at the beginning of the current 12 day period.

(3) The current allowable time to be credited to said well for the current 12 day period, not including any underage accumulated prior to the time day of said period.

(4) The accumulated allowable time for the current 12 day period to be arrived at by adding together the amount of the underage, if any, as shown in paragraph two above, and the current allowable time as shown in paragraph three above.

(5) The amount of the accumulated allowable time for the current 12 day period as shown in paragraph four above which has been charged to said well up to 7:00 o'clock A. M. on the preceding day.

(6) The number of times said well was opened for production during such preceding 24 hour period, and the hour and minute when oil from said well first reached the oil and gas separator each time the well was opened.

(7) The number of times such well was shut in during such preceding 24 hour period, and the hour and minute each such shutting-in operation was completed.

(8) The amount of time charged against said well in pursuance of this and prior orders of the Corporation Commission during such preceding 24 hour period.

(9) The amount of allowable time remaining to the credit of such well for the remainder of the current 12 day period.

It is the further order of the Commission that in computing the 4 hour period of production allowed by supplemental Order No. 5374, entered herein on November 3, 1930, the four hours shall be taken continuously, and shall be computed from the hour and minute oil produced from said well first reached the oil and gas separator.

If any well is entitled to an allowable time or less than four hours during any current 12 day period, then when such well is opened for the purpose of taking its allowable [fol. 131] time, such allowable time shall be taken continuously, and the allowable time computed from the hour and minute oil produced from said well first reached the oil and gas separator, as above provided.

Wells under-produced more than four hours shall be entitled to make up such underage in 4 hour periods to be computed as above provided. If any such under-produced well, in making up its underage, comes to a point when its underage is less than four hours, then such remaining underage shall be taken continuously provided, in the event a well which is making up under production in pursuance of Order No. 5374, entered herein on November 3, 1930, is not able to produce continuously for a full period as above defined, solely on account of the fact that the battery of lease tankage to which such well is connected is full, then, and in that event such well shall not be charged with the full period, but shall be charged with the portion thereof prior to the hour and minute on which such battery of lease tankage became full, and the fact that such

well was able to produce for a full period solely for such reason, and the number and capacity in barrels of the battery of lease tankage to which such well is connected shall be stated in the verified statement to be filed with the Corporation Commission as herein above provided.

Copies of all statements filed with the Corporation Commission in pursuance hereof shall, at the same time, be filed with the Umpire at his office in Oklahoma City, Oklahoma.

Done at Oklahoma City this the 4th day of Dec., 1930.

Corporation Commission of Oklahoma. —— ——, Chairman. (Signed) Fred Capshaw, Commissioner, (Signed) E. R. Hughes, Commissioner.

Attest: E. D. Hicks, Jr., Secy. (Seal.)

[fol. 132] No. 5413, dated December 30, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5413

In the Matter of the Application of Wirt Franklin for Rules and Regulations to be Established by the Commission to Prevent Waste of Petroleum in the Producing Oil Fields of the State of Oklahoma

ORDER EXTENDING AND MODIFYING ORDER No. 5369

Comes now petitioner herein and various and sundry producers of oil in the State of Oklahoma, and this matter having been set for hearing on this 29th day of December, 1930, and the Commission having heard and considered the evidence of the petitioner and sundry other persons, and the evidence of any and all persons opposing the supplemental petition herein, and the Commission having made an investigation of the facts alleged and of the conditions in the oil fields of Oklahoma, and being fully advised in the premises, finds as follows:

(a) That areas to be covered by the rules and regulations herein prayed for are all of the oil producing areas in the State of Oklahoma and those new sands or areas

which may be brought into production during the months of January, February and March, 1931.

(b) That notice by publication on all persons or classes interested in this proceeding and in the rules and regulations to be established hereby has been given, as required by law, in a newspaper of general circulation in this State, and that, in addition reasonable notice in writing has been served personally on all persons, firms and corporations known to petitioner to be interested in this proceeding and due proof of service of notice has been made and filed herein.

(c) The Corporation Commission finds from the evidence that there is an overproduction of crude oil in the State of Oklahoma attended by waste of gas and of gas pressure and that the producers of crude oil in the oil pools of Oklahoma are threatening to and will, unless restrained by the rules and regulations of the Corporation Commission, commit physical waste of crude oil, economic waste, underground waste, surface waste and waste incident to the production of crude oil or petroleum in excess of transportation or marketing facilities or reasonable market de- [fol. 133] mands, and that the commission of such waste is so imminent in each of the areas involved in this proceeding that orders, rules and regulations of this Commission are necessary in order to prevent such waste.

The Commission further finds that there is a general over-production and importation of crude and refined petroleum in the United States, and that this fact tends to reduce the amount of crude oil that can be produced in the State of Oklahoma without waste; that the potential production of crude oil in the United States is at this time approximately 10,000,000 barrels per day, and imports of crude and refined petroleum aggregate about 300,000 barrels per day, thus creating a total possible current supply of 10,300,000 barrels per day as against an approximate daily demand for domestic use and export of 2,500,000 barrels per day. That by reason of this great over-supply and threatened waste, potential production is now being curtailed in Oklahoma and other producing regions, and unless there is a continuance of curtailment of production in the areas involved herein, there will be an increase in waste in

this State and an undue exhaustion of our oil resources. The Commission finds that this petroleum situation constitutes a grave state emergency and that the laws of the State of Oklahoma and the powers of the Corporation Commission should be availed of to remove the same.

(d) The Commission further finds from the evidence that, in addition to the excess of potential and actual production and imports over current demand, there are stocks of petroleum on hand in the United States aggregating more than 670,000,000 barrels, which stocks are excessive and beyond the needs of the petroleum industry. That by reason of the excessive supply thus indicated, the purchasers of crude oil in Oklahoma are unwilling to purchase crude oil in Oklahoma for storage purposes in any amount that would be adequate to take care of the surplus of potential production over current demand and that, therefore, there is not sufficient empty tankage available to take care of said excess and unless production in Oklahoma is curtailed, much oil would necessarily go to earthen storage where it would evaporate and escape and thus be wasted.

(e) The Commission finds from the evidence that in order to curtail the production of crude oil in Oklahoma in a manner to prevent the commission of waste and to protect the coequal rights of producers in each pool, it will be [fol. 134] necessary to enforce proportionality of taking from the wells and leases in each of the pools where the potential production thereof exceeds the reasonable market demand therefrom, and that unless such proportionality is required, injustice would be done as between producers in the same pool in that drainage would occur from the less active leases or wells to the more active leases or wells, and an undue proportion of the gas pressure would be utilized by some operators to the detriment of others and unfair discrimination would arise as between pools.

(f) The Commission further finds that the rated potential daily production of crude oil from the wells in Oklahoma during the month of January, 1931, is and will be approximately 6,252,219 barrels and that during the months of February and March, 1931, the said rated potential daily production will be 6,686,564 barrels and 7,263,077 barrels respectively, and that the daily demand for crude oil from

Oklahoma during the months of January, February and March, 1931, will range between 465,000 barrels per day in January, which the Commission estimates as the probably demand, and 506,095 bbls. per day, which is the maximum potential demand, as hereinafter explained, and that in the month of February the estimated probable demand is 469,000 bbls. per day, with a maximum potential demand of 506,550 bbls. per day, and in March the probable demand will be 470,000 bbls. per day, with a maximum potential demand of 500,010 bbls. per day. Said distinction between probable demand and maximum potential demand arises from the uncertainty of the market outlet from what is known as the "Class A" pools, as described in the Order of October 28, 1930. The Prairie Oil & Gas Co., having announced that it would withdraw as purchaser of oil on Jan. 1, 1931, if said withdrawal is carried out it would leave the demand from the "Class A" pools at 175,905 bbls. per day, approximately, but if said "Class A" pools could re-establish their market it would potentially be approximately 217,000 bbls. per day in the month of January, and this same relative difference between the demand as now appears probable and that which might possibly be established would account for the difference in the total statewide demand as above referred to. That therefore, and by reason of the facts found in this order, the potential production from each of the pools and classes of pools involved in this proceeding is so far in excess of the reasonable market demand that the full potential production cannot be produced without waste.

The Commission further finds that if no restraint were placed upon producing wells or wells now completed or upon wells hereafter drilled during the months of January, February and March 1931, the potential production of the State of Oklahoma would be much greater than that above stated, and would exceed all transportation and marketing facilities and reasonable market demands to such an extent as to force large quantities of oil into earthen storage in this State and otherwise cause waste of a character prohibited by the laws of the State of Oklahoma. In order to prevent such waste, the Commission finds that it [fol. 135] is necessary to curtail the production from the pools in this State and each of them during the said months

of January, February and March, 1931, and according to the subjoined schedules showing the classes of pools to be prorated, the potential production of each, the estimated daily production of each under proration and the resulting total production, under proration, for the said three (3) months period:

	Estimated potential	Maximum potential demand	Estimated probable demand
January:			
Class A	247,000	217,000	175,905
Oklahoma City	5,388,298	85,000	85,000
Outside	616,921	204,095	204,095
Total State	6,252,219	506,095	465,000
February:			
Class A	243,295	213,615	176,175
Oklahoma City	5,838,804	90,000	90,000
Outside	604,465	202,825	202,825
Total State	6,686,564	506,440	469,000
March:			
Class A	239,646	210,646	180,636
Oklahoma City	6,411,459	90,000	90,000
Outside	611,972	199,364	199,364
Total State	7,263,077	500,010	470,000

[fol. 136] Suggested Potential and Allowed Production of Crude Oil, State of Oklahoma Proration Schedule, January 1, 1931, to March 31, 1931

(Except Class A and Class H Pools)

	January		February		March	
	Estimated potential	Estimated production	Estimated potential	Estimated production	Estimated potential	Estimated production
Class B:						
Allen (Wilcox)	6,704	3,352	6,369	3,185	6,051	3,026
Allen (Cromwell)	16,534	8,267	16,038	8,019	15,557	7,779
Bowlegs	25,399	12,700	24,637	12,319	23,898	11,949
Earlsboro (proper)	26,239	13,120	25,452	12,726	24,688	12,344
Earlsboro (Townsite)	9,475	4,738	9,001	4,501	8,551	4,276
Little River	45,841	22,921	45,466	22,733	44,102	22,051
East Little River	21,265	10,633	20,202	10,101	19,192	9,596
Marshall-Lovell	3,658	1,829	3,548	1,774	3,442	1,721
Maud	5,316	2,658	5,157	2,579	5,002	2,501
Mission	12,664	6,332	12,284	6,142	11,915	5,958
Sasakwa	8,169	4,085	7,761	3,881	7,375	3,687
Searight	11,156	5,578	10,821	5,411	10,496	5,248
Seminole	25,816	12,908	25,042	12,521	24,291	12,146
East Seminole	3,651	1,826	3,541	1,771	3,435	1,718
St. Louis	36,294	18,147	35,705	17,853	34,634	17,317
Sub-total	258,181	129,094	251,024	125,516	242,627	121,317
Class C:						
Carr City	42,014	12,184	40,035	11,642	44,163	12,825
South Earlsboro	28,175	7,044	25,358	6,340	22,822	5,706
Sub-total	70,189	19,228	65,393	17,982	66,985	18,331
Class D:						
Konawa	67,590	12,673	65,211	12,227	61,950	11,616

Class E:						
East Earlsboro	36,466	15,000	34,643	15,000	32,911	15,000
West Asher-Wanette	53,777	7,200	58,588	7,200	61,659	7,200
West Seminole	11,373	3,000	10,236	3,000	10,236	3,000
Wewoka	40,000	4,000	40,000	4,000	60,000	4,000
Sub-total	141,616	29,200	143,467	29,200	164,806	29,200
Class F:						
Tatums	37,000	4,500	35,000	4,500	32,000	4,500
Chandler	25,600	2,500	24,320	2,500	23,104	2,500
Sub-total	62,600	7,000	59,320	7,000	55,104	7,000
Class G:						
West Perry	1,675	600	1,500	600	1,400	600
Orlando	3,671	400	3,300	400	3,000	400
Twp. 20 N-R. 4 W	1,400	400	1,250	400	1,100	400
Sub-total	6,746	1,400	6,050	1,400	5,500	1,400
Wildcat Wells	5,000	500	5,000	500	5,000	500
New Wells (outside of Okla. City) Free production for testing	3,000	3,000	5,000	5,000	5,000	5,000
Unprorated small wells in prorated areas	2,000	2,000	4,000	4,000	5,000	5,000
Total	616,921	204,095	604,465	202,825	611,972	199,364

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[fol. 137] (g) The Commission finds that the order numbered 5369 and the rules and regulations adopted October 28, 1930, should be continued in force for the first quarter of 1931 as modified by this order and by such supplemental or ancillary orders as may be made by the Commission from time to time. In this connection, the Commission finds that it is characteristic of the oil producing business that the reasonable market demand and the potential production of oil pools sometimes change abruptly and frequently and it is therefore necessary that the order, rules and regulations be made sufficiently flexible to permit prompt readjustments of allowable percentages of production in order to conform the permitted production to the reasonable market demand. For these reasons the Commission would request everyone interested and instruct the umpire and operators' committees to promptly advise this commission of such changes in order that proper ancillary or supplemental orders may be made. The purpose of the Commission is to recognize fully the reasonable market demand for each pool and not to curtail production below such demand where the transportation or marketing facilities are adequate but to allocate such market demand ratably among the producing leases therein in proportion to the potential production of each lease to the end that the coequal rights of the producers may be protected and the waste incident to the production of oil in excess of the transportation or marketing facilities or the reasonable market demand may be prevented.

(h) The Commission finds from the evidence that the curtailment and the varying percentages as between pools prescribed in the schedules contained in paragraph (f) herein are necessary and reasonable in order to reduce production in this State to the reasonable market demand and in a manner least injurious to the producers and royalty owners as a whole, and in order to prevent unfair and unreasonable discrimination in favor of any one pool or common source of supply as against another.

The Commission finds that the varying percentages of curtailment as between pools as set forth in paragraph (f) of this order are necessary, fair and reasonable because of the peculiar conditions in each case and in this, to-wit: that said pools are not all served in common by the same

pipelines and purchasers; that the reasonable market demand from certain of them is greater in proportion to potential production than in the case of others; that some of them are older than others and have been prorated longer than others, under orders of the Corporation Commission with a consequent greater reduction in potential flow and smaller possible production per well per day and are, therefore, accorded a higher percentage allowable production; that in many cases individual pools are served by local [fol. 138] purchasers whose facilities cannot be extended to the others, and in certain of the pools the sand and water conditions prevent as great curtailment as is possible in others, and that in certain pools there is a more intensive drilling campaign and wells of larger capacity than in others. The Commission also finds that in the making of said schedule in paragraph (f) the producers and purchasers in all of said pools were consulted and meetings of said producers and purchasers were held at which all of the foregoing factors were considered and that said schedule represents the consensus of opinion of said producers and purchasers as to reasonableness of arrangement, necessity and convenience of producers and purchasers and equity as between the various common sources of supply under present circumstances.

The Commission finds that the basis of classification of pools for the application of the varying percentages of curtailment as shown by the schedule in paragraph (f) herein is the existing relation between the potential production of each pool and the amount of crude oil which can be produced from said pool without waste. That because said relation is not the same in all the pools involved, the percentages of curtailment must necessarily vary as between pools. A uniform percentage applied to all pools would result in the permitted production from some of them being less than the reasonable market demand therefrom, while in others the permitted production resulting from such uniform percentage would exceed the amount which could be produced therefrom without waste.

(i) The Corporation Commission further finds that in addition to the prevention of waste of crude oil, the establishment of the curtailment plan in this order set forth

will tend to conserve natural gas and gas pressure in the pools to which it shall be applied.

(j) The Commission further finds from the evidence that the best manner of applying curtailment of said "Class A" pools, is as follows, to-wit: That in each of said "Class A" pools all leases therein where the per well average per day is ten barrels or less should be exempted from curtailment or proration because to curtail or prorate said ten barrel well or wells making less than ten barrels would be to reduce the output therefrom in many cases below the point of practical operation and thus compel their abandonment which would constitute a waste of an irreplaceable natural resource, and for the further reason that many of such wells produce water along with the oil and it is necessary to pump them each day in order to prevent their injury by water encroachment. That in each of said "Class A" pools each lease should receive said exemption up to an average of ten barrels per well per day but in the case of those leases where the average per well exceeds ten bar- [fol. 139] rels per day, the excess should be curtailed 50% so that, for example, an 80 acre lease with 8 wells thereon which is making a total of 100 barrels per day should be curtailed and prorated so that it would receive an exemption of 80 barrels and the remaining 20 barrels of potential should be cut to 10 barrels, so that the total allowable production from such lease would be 90 barrels per day. In this manner the Commission estimates that the production from the "Class A" pools will be curtailed to the reasonable market demand therefrom.

(k) The Commission finds that the full potential production from the Oklahoma City pool cannot be produced without waste, including physical waste and waste incident to the production of crude oil or petroleum in excess of the reasonable market demand, and that the reasonable market demand from said pool at the present time, and during January, 1931, is and will be approximately 85,000 barrels per day, and that in the month of February, 1931, said reasonable market demand from said pool will be approximately 90,000 barrels per day, and that in the month of March, 1931, the reasonable market demand from said pool will be 90,000 barrels per day, and that the market demand herein

named is subject to increase and the Commission therefore finds that the orders, rules and regulations should be made sufficiently flexible so that increases or decreases in market demand from said Oklahoma City pool and increases or decreases in potential production therefrom, can be recognized by ancillary orders of the Commission, and that for this purpose the Umpire and Operators' Committee should be instructed to compute from time to time, the rate of curtailment necessary in order to conform the permitted production to the reasonable market demand from the said Oklahoma City pool and to report the same to the Commission with the facts in support thereof as a basis for such ancillary orders; it being understood, however, that whatever reasonable market demand develops for crude oil from the Oklahoma City pool shall be prorated among all the producing wells, therein, so that each well or lease will be permitted to produce its proportionate share of the amount of oil that may be produced from said field without waste.

The Commission further finds that if an increased reasonable market demand should be asserted the permitted production from the Oklahoma City pool could be increased in a substantial and corresponding amount without discrimination against other pools.

The Commission finds from the evidence that crude oil and natural gas occur together, or in close proximity to each other in the ground, and that there is a common gas pressure throughout a common pool which exerts an energy or [fol. 140] force to move the gas and oil toward the point of least resistance, and that therefore when wells are drilled into a pool or structure the oil and gas become migratory, and, having the power of self transmission, will move from one property to another, underground, in such pool; and that when some of the wells in such a common pool are permitted to produce at a greater proportion of their capacity than others, drainage occurs from the less active to the more active wells, if such disproportionate condition is continued; that in the Oklahoma City pool there is a heavy gas pressure which would cause such drainage should disproportionate taking of crude oil and gas be permitted; that the history of the oil producing business in this and other surrounding states shows that in the case of flush pools where proportional taking from the wells is not enforced, and where the full production from the pool cannot

be taken, either because of inadequate transportation facilities or because the reasonable market demand does not equal the potential production, producers who do not have physical or market outlets will be forced to produce their well to capacity in order to prevent drainage of the oil to the wells of such producers as do have adequate physical or market outlets. In such cases, in the absence of adequate steel storage available to every producer, some of them will flow the oil into earthen pits. This has occurred many times in the oil pools in Oklahoma and surrounding states and has always caused actual physical waste of the crude oil through evaporation, leakage, and washouts to a very large extent. The Commission finds that this would be the case in the Oklahoma City field, and in many other fields of the state if production were not curtailed as provided in this order.

The Commission further finds that to permit the wells in the Oklahoma City field to flow wide open and continuously, or disproportionately and without limitation as to time, would cause serious underground waste.

The Oklahoma City operators have petitioned this Commission for permission to change the method of proration in said pool from the time basis to the basis of percentage of daily potential production and this Commission's rules and regulations with reference thereto are embodied in a separate supplemental order this day issued. Proration of the Oklahoma City pool has heretofore been on the time basis because the operators requested it and because there was no practicable way of taking accurate gauges as a basis for proration by the percentage of potential method, there being no facilities for handling the oil that would be produced while the gauge was being taken. But the Commission now finds that a reasonably accurate gauge of potential production may now be taken and that under the circumstances as they now exist percentage proration would be better for the field in regard to reducing the possibility of waste and more equitable as —

[fol. 141] (1) The Commission finds that the potential production of the State of Oklahoma now so far exceeds the reasonable market demand from said State as a whole, and the resulting curtailment of producing wells has become so drastic and severe, that it would be inequitable and unfair and discriminatory to hereafter permit full produc-

tion from wild-cat wells hereafter drilled which open new pools, sands or zones, and the Commission therefore finds that all wild-cat wells or wells opening new pools, sands or zones completed or brought into production after the date of this order should be limited to a production of 50 barrels per well per day, after one day open flow for test, and until otherwise ordered by the Corporation Commission.

The Corporation Commission further finds that the allegations of the supplemental petition filed herein are true and correct, and that accordingly these conditions of waste now exist in said pools, and commission of waste is imminent, and the same should be prohibited and prevented, and the following rules and regulations are necessary, reasonable and appropriate for that purpose.

It is therefore ordered by the Corporation Commission of the State of Oklahoma as follows:

1

The areas to be subjected to the rules and regulations of the Corporation Commission are all of the oil pools in the State of Oklahoma, and such new pools, sands or zones as may come into production during January, February and March, 1931.

2

Ray M. Collins is hereby appointed as Umpire and Agent of the Commission to enforce the rules and regulations herein made and he is hereby authorized to employ as many assistants as he shall deem necessary.

3

Where percentage proration is applied a gauge of producing wells shall be taken in the following manner: the gauge to determine potential shall be taken by each operator in the pool in respect of the lease or leases owned by him therein and then producing, such gauge to be taken between the hours of seven A. M. on the day set by the Order of the Commission, and seven A. M. on the following day. Prior to the taking of such gauge and in respect of each producing lease covered hereby the Umpire shall appoint a representative of an operator owning a lease adjoining the particular property to be gauged, and shall notify the operator whose property is to be gauged of the name of

the representative, such notification to be given prior to the taking of such gauge. It shall be the positive duty of such representative to remain on the lease that is being gauged throughout the entire day that the gauge is being taken to witness the gauging of the production thereform; and immediately upon the completion of such gauge, such witness and the operator whose property was gauged shall file a written statement with the Umpire showing the production of said lease, and of each well thereon for the day said gauge is taken. The production so shown shall constitute the potential for said lease until the next gauge is taken. During the time this Order is in force a similar gauge of each property shall be taken from time to time as the Umpire and Operators' Committee may designate but not less than once each month. Such open gauges shall be taken in the following pools: Wewoka (Section 30 and Townsite), East Earlsboro, South Earlsboro, Section 29-9-6 (West Seminole), the flush wells in the Carr City pool located in Sections 2 and 3, Twp. 8, Range 5, and the flush wells in the Tatums pool.

On the basis of open gauges heretofore taken in East Little River, Konawa, West Asher-Wanette, Earlsboro Townsite and Sasakwa, the potential production shall be [fol. 142] declined 5% per month until further order of the Commission. On the basis of gauges already taken of the Wilcox sand wells of the Allen Pool, the potential shall be declined 3% each month, with the exception of the Sinclair-Cully 'A' Lease, Blackwell-Fleet lease and the Texas-Lewis lease, which shall be declined 5% per month, and the Texas-Dinah lease, which shall be declined 10% per month; all other wells in the pools of the Greater Seminole Area shall be declined 3% a month.

4

Each person, firm or corporation having the right to drill into and produce oil from any of the flush or semi-flush pools or areas and extensions thereof that are covered by this Order may take from such pool or area and extension thereof only such proportion of all crude oil and petroleum that may be produced therefrom under this Order as the production of the well or wells of such person, firm or corporation in said pool or area bears to the total potential production of such pool or area. In the case of each

such pool or area the Umpire and the Operators' Committee for said pool or area shall report from time to time any changes in potential production or reasonable market demand so that this Commission may change the percentage allowable to equal the reasonable market demands.

5

Where shortages and overages have occurred under previous orders of this Commission, the same shall be carried forward and adjusted during the month of January, 1931. Any lease showing an overage of one barrel or more at February 1, 1931, or at the first day of any month thereafter during the life of this Order shall be immediately reported by the Umpire under oath to the Corporation Commission as a basis for citation and such report shall contain in addition to the location of the property and the amount of the overage, the names and addresses of the lessee, the purchaser of the oil and the transporter. Leases which are being gauged according to a decline curve and showing a shortage at the end of any month of more than two days allowed production shall take as their potential for the following month the daily average production of the last ten days of the month. And in the case of such leases, shortages of two days allowable production or less shall be credited on the next month's allowed production.

6

To establish equality between producing wells and drilling wells, each well now drilling in any of said areas, or which may be commenced in said areas or in any new areas prior to March 31, 1931, shall take a delay prior to being brought into production, equal to the accumulated shut-in time and accumulated equivalent time resulting from pinching or producing wells from the beginning of the proration period in each pool, said period of delay to be computed in each instance after allowing seven (7) days for the cement to set: Provided the maximum shut-in time in each of said pools shall be according to the following schedule:

Area	No. of days allowed to set	No. of days of open flow for test	Days Shut down
Oklahoma City	7	8 hours	57
East Earlsboro	7	1 day	41
Konawa	7	1 day	16
West Asher-Wanette	7	1 day	16
Marshall-Lovell	7	1 day	16
South Earlsboro	7	1 day	16
Seminole et al.	7	1 day	16

Previous orders of the Corporation Commission as to wells now completed but not on production shall be continued in effect as to the shutdown requirements therein. Wildcat wells hereafter completed and opening new pools, sands, or zones shall have one day of open flow for test and thereafter the production therefrom, together with that from subsequently completed wells therein, shall be pinched in to 50 barrels per well per day until further order of the Corporation Commission. A wildcat well shall be considered as one outside of a pre-existing drainage area.

7

That all purchasers and pipeline carriers of oil in the State of Oklahoma be and they are hereby forbidden to aid or abet producers in violating this Order.

[fol. 143]

8

Attention of the producers in each pool is hereby directed to Section 7959, Compiled Oklahoma Statutes, which provides that any person, firm or corporation may institute proceedings before the Corporation Commission or apply for a hearing upon any question relating to the enforcement of the conservation laws. In this connection, producers in each of the pools in Oklahoma are invited to appear before the Commission at any time that they may deem themselves peculiarly injured by the administration of this order in any particular or in any manner discriminated against, and the Commission will hear and act upon the evidence disclosed in such hearing. Notice should be given to the Umpire and Operators' Committee of the intention to thus appear before the Commission on any such question.

9

Class A Pools: All oil pools in the State designated as "Class A" pools shall be prorated in the following manner: All leases in said pools which have a potential production in excess of an average of 10 barrels per well per day shall be curtailed 50% of the excess over such 10 barrels per well per day average. In all leases in said pools an exemption from proration of an average up to 10 barrels per well per day shall be allowed. The following is an illustration of what is intended by this regulation, to-wit: An 80-acre lease with 8 wells thereon which is making a total of 100 barrels per day will be allowed an exemption of 80 barrels and the remaining 20 barrels will be cut to 10 barrels so that the total allowable production from the lease as a whole will be 90 barrels. The pipelines and purchasing companies are hereby directed to observe and enforce this regulation in said "Class A" pools and to assist the Umpire and Operators' Committee in carrying out the requirements hereof.

10

Class B Pools: The following semi-flush pools shall be placed in "Class B" to-wit: Allen (Wilcox), Allen (Cromwell), Bowlegs, Earlsboro (proper), Earlsboro Townsite, Little River, East Little River, Marshall-Lovell, Maud, Mission, Sasakwa, Searight, Seminole, East Seminole and St. Louis.

These pools shall be curtailed in the following manner:

Allowed production, 50% of potential production with this qualification: that in the case of any lease not capable of making in excess of 50 barrels per day, it shall be allowed an exemption of 10 barrels per well per day and the curtailment of 50% shall only be applied to the excess over an average per well of 10 barrels per day.

11

Class C Pools: The following pools shall be placed in "Class C", to-wit: Carr City pool with its new extension and South Earlsboro pool. These pools, to recognize the market outlet and to conform to the peculiar conditions therein shall be curtailed according to the following schedule:

Average Barrels per Well per Lease

300 barrels or more—allowed production	.....	25 %	
200 to 300 barrels— " "	.....	30 %	not over 75 Bbls.
100 to 200 " — " "	.....	37½%	" " 60 "
Less than 100 bbls.— " "	.....	50 %	

Also, in these pools where a lease is not capable of making more than 50 barrels per day, there shall be allowed an exemption of 10 barrels per well per day as in "Class B".

12

Class D Pools: Konawa Pool. There being no other pool in the State in similar position to that of Konawa, it is placed in a class by itself and shall be prorated on the following schedule:

Average Barrels per Well per Lease

400 barrels or more—allowed production	.....	18¾%	
300 to 400 barrels— " "	.....	22½%	not over 75 Bbls.
200 to 300 " — " "	.....	26¼%	" " 67 "
100 to 200 " — " "	.....	37½%	" " 53 "
Less than 100 bbls.— " "	.....	50 %	

[fol. 144] Also, in this pool, leases not capable of making over 50 barrels per day shall be granted an exemption of 10 barrels per well per day as in "Class B".

13

Class E Pools: East Earlsboro, West Asher-Wanette, West Seminole (29-9-6), and Wewoka (Section 30 and Townsite). Owing to the changing relation between the potential production and the market outlet from these pools, it is ordered that each of them be limited in production to a stated figure representing the present market outlet which, in the case of the East Earlsboro pool, is 15,000 barrels per day, and in the case of the West Asher-Wanette pool is 7,200 barrels per day, and in the case of the West Seminole (20-9-6) pool is 3,000 barrels per day, and in the case of the Wewoka (Section 30 and Townsite) pool is 4,000 barrels per day. And that the Umpire and Operators' Committee be required to ascertain and compute from time to time the percentage of potential production which may be allowed to conform the permitted production to the market outlet and to report the same to

the Corporation Commission as the basis for an ancillary order. But in these pools the 10 barrel per well exemption in leases not capable of making in excess of 50 barrels per day shall apply as in "Class B".

14

Class F Pools: Tatums and Chandler Pools. Both of these pools have new extensions with potentially large wells along with old, small wells. Having in view the present market outlet from these pools, it is ordered that they be curtailed in the following manner:

Wells with a potential daily production of 400 barrels or more shall be allowed 100 barrels daily. Wells with a daily potential of from 100 barrels to 400 barrels shall be allowed 50 barrels per day. Wells with a daily potential production of less than 100 barrels shall be allowed an exemption of 10 barrels per day and be curtailed 50% of the excess over 10 barrels.

Provided: That the Umpire and Operators' Committee shall, from time to time, make a survey of the market outlet from each of said pools and in case the market demand increases, this fact, together with suggested changes in the percentage of allowable production, shall be reported to the Commission as the basis for an ancillary order.

15

Class G Pools: West Perry, Orlando and Township 20 North, Range 4 West: These new pools of unascertained possibilities are now being curtailed on the basis of the following maximum allowed output which shall be continued until otherwise ordered by the Commission, to-wit:

West Perry	600	barrels daily
Orlando	400	" "
Twp. 20 R. 4W	400	" "

16

Class H Pools: The Oklahoma City pool. The Corporation Commission temporarily nominates for the Oklahoma City pool an outlet of 85,000 barrels per day in January, 1931; 90,000 barrels per day in February and 90,000 barrels per day in March. This nomination of the total per-

mitted production of the pool shall serve as a basis for fixing the proportional production of the wells in said pool until the Commission finds from evidence that a greater or less reasonable market demand obtains. On the basis of the potential production of the field now reported to the Commission of 5,388,298 barrels per day, the temporary nominated outlet of 85,000 barrels per day will require a proportional taking of 1 1/2% from the potential production of each well or lease. This percentage shall be put in effect at 7 A. M. January 3, 1931, but the Umpire and Operators' Committee are directed to immediately begin the taking of gauges in said field according to the supplemental order this day issued and to compute the percentage of allowable from time to time as found necessary to conform the permitted production to the reasonable market demand, and to report as soon as possible their findings to the Commission as a basis for an ancillary order revising such permitted percentage. Any person interested in said pool may also report to the Commission any evidence of the need for a changed percentage. All orders heretofore issued applicable to the Oklahoma City pool, and now in force and effect, are hereby extended in full force and [fol. 145] effect until 7:00 A. M. January 3, 1931. From and after said date and hour the percentage of allowable production herein fixed for the Oklahoma City pool shall be applied according to and as modified by Order No. 5413 this day issued which applies to the Oklahoma City pool alone.

It is further ordered that whatever reasonable market demand from the pool shall exist at any time shall be prorated and allocated among all the producing wells and leases, so that each well or lease shall receive its prorata share of the reasonable market demand, and the pipeline companies are hereby directed to cooperate with the Umpire in so arranging pipeline connections that there shall be no discrimination in favor of one producer and against another.

17

The Commission will, in separate order, name for the various pools embraced within the terms and provisions of this Order, Operators' Committees for each of said respective pools and territories embraced herein. This will be

necessary for the reason that the law requires the approval of His Excellency, the Governor of the State of Oklahoma, in the appointment and designation of such officials.

The Order # 5369 of October 28, 1930, shall be continued in force for the period January 1, 1931, to and including March 31, 1931, except as modified by this and other supplemental and ancillary orders of the Commission. Jurisdiction of this cause is hereby retained by the Corporation Commission, and notice is hereby given that supplemental and ancillary orders may be made herein from time to time as required by new developments and as instructions to the Umpire and Operators' Committee. When in the judgment of the Umpire or any Operators' Committee any adjustment or fixing of percentages of well production as provided in this order shall be proper, or as any such supplemental or ancillary order shall become necessary, the facts supporting the necessity therefor and the reasonableness thereof shall be reported to the Commission for approval, and no exception to those rules and regulations shall be allowed by the Umpire or Operators' Committee, nor shall any adjustment of percentages or well production become effective, unless approved by such an ancillary order of this Commission. Should the demand for crude oil from the State of Oklahoma increase prior to March 31, 1931, to such an extent as to permit a greater outlet from the pools herein mentioned, the Umpire shall report the facts to the Commission, together with the recommended percentages, and the Corporation Commission hereby gives notice that such revised percentages may be substituted for the percentages provided for in this order.

Done at Oklahoma City this the 30 day of December, 1930.

Corporation Commission of Oklahoma. ——, Chairman. Fred Capshaw, Commissioner. E. R. Hughes, Commissioner.

Attest: E. D. Hicks, Jr., Secretary.

[fol. 146] No. 5414, dated December 30, 1930, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5414

In the Matter of the Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Commission to Prevent Waste of Petroleum in the Producing Oil Fields of the State of Oklahoma re Supplemental Application of OTTO BRADFORD for Additional Rules and Regulations in the Oklahoma City Pool

ORDER

Comes now the petitioner herein and various and sundry producers of oil in the Oklahoma City Pool in the State of Oklahoma, and the Commission having made an investigation of the matters alleged in the above petitions in this cause and of the conditions in the Oklahoma City Pool, and being fully advised in the premises, finds:

(a) That production in the Oklahoma City pool has heretofore and is now being carried out upon the time proration plan. During the hearings in this cause prior to the issuance of Order No. 5369 therein, much testimony was taken relative to whether or not waste would best be prevented by a continuance of the time proration plan or the application of a percentage proration plan somewhat similar to that in force in the other oil fields of Oklahoma. After the filing herein of the petition of Otto Bradford further hearings were had, being finally concluded, and the matter submitted on December 22, 1930. During the course of these hearings a percentage plan of proration having been approved by an Operators' meeting and submitted, the Commission directed the Operators' Committee heretofore appointed by the Commission for the Oklahoma City pool, to formulate and submit for the consideration of the Commission a revised plan for the application of percentage proration in the Oklahoma City pool. Pursuant to such direction the said Operators' Committee has filed a proposed plan with the Commission.

(b) That under the operation of the Proration Orders heretofore placed in effect by the Commission as shown by the reports of the Commission's Umpire, and filed with the Commission, certain wells in the Oklahoma City pool have produced during less than the time allowable under such orders, making said wells under produce, there has been no available market outlet for the oil produced from some wells in said pool which have produced in obedience to the terms of said orders, making certain wells under run and certain wells have produced more than the allowable time under said orders and are overproduced. It is therefore necessary in any change of plan to make provision whereby such wells may be brought to a condition of "even" under said orders, the order this day issued or any future orders.

(c) That conditions which have heretofore prevailed rendering it inexpedient to apply the percentage proration plan to the Oklahoma City pool, particularly lack of facilities to make a proper gauge of potential for the application of percentage prorating, have now become sufficiently modified that a reasonable percentage plan of proration can be applied.

[fol. 147] (d) That under the proration plan now in operation in the Oklahoma City pool, the basis upon which the time of opening and closing the wells has been a fixed number of hours in each 12-day period. The present period will come to an end at 7:00 A. M. January 3, 1930, and for the efficient operation of the plan this order should become effective as of that date and hour.

From and after 7 o'clock A. M. January 3, 1931, and until otherwise ordered by the Corporation Commission, such ratable production of oil from the Oklahoma City pool and such proration among the wells in said pool of the reasonable market outlet for said pool as may from time to time be ordered by the Corporation Commission, shall be applied in accordance with the following plan, to-wit:

1

(1) The period commencing at 7 o'clock A. M. January 3, 1931, and ending at 7 o'clock A. M. on the first day of

April, 1931, shall constitute the first potential period, and each three consecutive calendar months thereafter, commencing at 7 o'clock A. M. on the first day of the first month of said three months period and ending at 7 o'clock A. M. on the day following the last day of the third month shall constitute a potential period.

(2) As to each well in the pool, the first potential determined during any potential period shall constitute its tentative potential for that period, and based on such tentative potential and the percentages of potential which the Corporation Commission allows to be produced from time to time during such potential period, the tentative allowable production of each well during such potential period shall be determined in the manner hereinafter provided, and, except as hereinafter otherwise provided, each well in the pool shall, during such potential period, be permitted to produce its tentative allowable production for such period so determined.

(3) As to each well in the pool, except as hereinafter otherwise provided, the corrected potential for each potential period shall be the average of the tentative potentials so determined for that and the next succeeding potential period, to be determined as soon as the tentative potential for such succeeding period has been determined, and, based on such corrected potential and the percentages of potential which the Corporation Commission allowed to be produced from time to time during the potential period to which same is applied, the corrected allowable production for such potential period shall be determined, and the amount by which the actual production of any well during any potential period exceeded or was less than the corrected allowable for such potential period shall be carried over in to the next potential period as a charge or credit against or in favor of said well, as the case may be.

(4) In the event during any potential period any well, subsequent to the determination of its tentative potential for such period, is shot, cleaned out, deepened, tubed, put on air-gas lift, or plugged back in such manner as, in the opinion of the operator or of the Umpire, to materially affect its potential as determined in the next succeeding potential period, then the corrected potential of such well

for said current potential period shall be agreed on by the operator of such well, the Umpire and the majority of the Operators' Committee, and in the event they are unable to so agree, the Umpire shall immediately refer the matter to the Corporation Commission for determination, and pending final determination by the Corporation Commission, [fol. 148] the corrected potential of such well for such current potential period shall be that fixed by the Umpire and a majority of the Operators' Committee.

(5) The tentative allowable production and corrected allowable production of each well in the pool for any potential period shall be that determined as hereinabove provided, plus or minus, as the case may be, any credits or charges in favor of or against said well carried over from the preceding potential period.

2

(1) At 7 o'clock A. M. on the first day of each potential period, each well in the pool shall, except as hereinafter otherwise provided, be completely shut in, and remain shut in until opened for the purpose of having its tentative potential determined in accordance herewith, provided, that notices as hereinafter prescribed, with respect to time of taking such potentials on the first day of any potential period, may be filed with the Umpire on or before 12 o'clock noon of the preceding day.

(2) "Before any well in the pool is opened for the purpose of having its potential determined, the owner or operator thereof shall file with the Umpire at his office in Oklahoma City, on or before 12 o'clock Noon of the day preceding the day on which such well is to be opened for such purpose, a written notice giving the name and address of the operator in charge of said well, the name of the operator's representative who will witness the test of said well, the name and location of the lease on which the well to be tested is located, the serial number of said well on the lease, and the hour, not earlier than 8 o'clock A. M. nor later than 1 o'clock P. M., at which the well will be opened for such purpose. Such notices shall remain on file in the office of the Umpire, and be subject to inspection by any producer in the pool, and it shall be the duty of the

Umpire to maintain available for such inspection in his office from 1 o'clock to 5 o'clock each afternoon a list of all wells which are to be tested during the succeeding day."

(3) When, in pursuance hereof, a well is permitted to be opened for the purpose of determining its potential, it shall be permitted to produce for four hours to be taken continuously, whether or not the well produces continuously during such time, and to be computed from the hour and minute oil first flows into lease tankage from the oil and gas separator. The amount of oil produced from said well during said four hour period multiplied by six shall constitute the tentative daily potential of said well for the current potential period.

(4) For the purpose of determining the amount of oil produced during said four hour test period the oil produced during the period is to be gauged in lease tankage which has been strapped in accordance with the usual and customary practice prevailing in the Oklahoma City field, and the amount of oil produced shall be calculated on the basis of ninety-seven per cent tank tables. The usual and customary tests and deductions shall be made for water and B. S. content, and the oil shall be gauged only after it has stood in lease tankage for a period of at least one hour.

[fol. 149] (5) The potential of each well in the pool is to be determined as soon as practical after seven o'clock A. M. on the first day of each potential period, provided, wells which on the 3rd day of January, 1931, are over produced under time proration are to remain shut in until they are even, and wells which on the first day of any potential period have not served their shut in time and time charged against them account initial test, as provided by orders of the Corporation Commission, shall remain shut in until they have served such shut in time and time charged against them.

(6) The Umpire shall appoint a representative of an operator who is in no way interested in the well to be tested to be present and witness the test being made of each well, and it shall be the duty of the representative so appointed by the Umpire to remain at the well which is being tested during the entire time the same is being produced for the purpose of determining its potential, and to witness all operations, tests for B.S. and/or water content, measure-

ments and/or calculations made for the purpose of determining the actual production of oil made by the well being tested during the test period as above defined. Immediately upon the completion of such test, the representative appointed by the Umpire and the representative of the operator shall file with the Corporation Commission, and a copy thereof with the Umpire, a written statement duly verified by both representatives on form to be approved by the Corporation Commission, showing the amount of oil produced by said well during the test period as above defined.

(7) In the event the Umpire's representative, and well owner's representative at the testing of the well, are agreed as to the daily potential of the well as determined by the test, the operator may continue forthwith to produce said well until there has been produced therefrom, including the amount produced during the test, the total allowable, to be calculated as hereinafter provided, for the current month. In the event the representatives of the Umpire and the well owner are not agreed as to the daily potential of any well, the well shall be shut in at the close of the test, and the matter referred to the Umpire. If the Umpire and the operator agree as to the daily potential of the well, the operator shall, thereupon, be permitted to produce the well until it has produced, including the amount produced during the test, its tentative allowable for the current month based upon the potential so agreed upon. If well owner and Umpire are unable to agree as to the daily potential of any well, the matter shall be referred to the Corporation Commission for determination, and, pending final determination by the Commission, the operator shall be permitted to produce the well until, on the basis above outlined, it has produced a tentative allowable for the current month calculated on the basis of the daily potential as fixed by the Umpire.

3

(1) The tentative allowable production of any well for the remainder of the month of January, 1931, from seven o'clock A.M. on January 3rd, to seven o'clock A.M. on February 1, 1931, and for each month thereafter, shall be determined, (a) for the remainder of the month of January, by multiplying its tentative potential for said month by the percent of allowable production as fixed by the Corporation

Commission for that month, and the product by 29, and, (b) for each month thereafter, by multiplying its tentative potential for said month by the percent of allowable production for that month as fixed by the Corporation Com- [fol. 150] mission, and the product by the number of days in the month, and by adding to or subtracting from the product so obtained all credits or charges, as the case may be, carried over from the preceding month and/or potential period, provided, the tentative allowable production of wells, which on the 3rd day of January, 1931, or on the first day of any subsequent potential period are shut in account being over produced under time proration or account not having served their shut in time and time charged against them account initial test, as prescribed by orders of the Corporation Commission, for the remainder of the month in which they, respectively, become even or complete their shut in time and time charged against them account initial test, shall be determined by multiplying their tentative potential last determined by the percent of allowable production for that month as fixed by the Corporation Commission, and the product by the number of days in such month subsequent to the day and hour on which such wells, respectively, became even or completed their shut in time and time charged against them account initial test.

(2) The Umpire shall advise each operator each month by written notice the tentative allowable production for such month of each well being operated by such operator, such notice to be given for the month of January, 1931, on, or as soon as practical after the third day of said month, and for each month thereafter, on, or as soon as practical after the first day of said month, and no operator shall produce from any well in the pool during any month a greater amount of oil than its tentative allowable production for that month determined as herein provided.

(3) The under produced time of wells which on January 3, 1931, are under produced on time proration, shall be converted into barrels of oil on the basis of the tentative potentials of said wells respectively, for the first potential period, and the amount in barrels of oil of the under production of each said well so arrived at shall be credited to it as an underage as of 7 o'clock A.M. on the third day of January, 1931.

4

(1) Each operator shall each day furnish to the Corporation Commission on forms to be prescribed by the Commission, written statements sworn to by an authorized representative of the operator, showing for the preceding day the name and address of the operator, the name and location of the lease on which are located either oil or gas wells, and, as to each well on each lease, the tentative allowable production for the current month, determined as herein provided, the overage or shortage from the preceding month, the net tentative allowable production for the current month, the production on the day for which the report is made, the balance remaining of tentative allowable production for the current month, and as to each lease, the amount of oil shipped by pipe line and by tank car, with the name of the pipe line and/or railway company transporting same, as the case may be, and the name and address of the purchaser of oil so shipped.

(2) Each operator shall also file with the Corporation Commission each day, on forms to be prescribed by the Commission, sworn statement showing for the preceding day the total amount of gas produced from each well which has been classified by the Corporation Commission as a gas well, the disposition made of the gas produced therefrom. the amount of hydro-carbon liquid produced therefrom. and the disposition made of such liquid.

[fol. 151] (3) Where gas wells which produce hydrocarbon liquid are located on the same lease on which are located oil wells, the gas wells producing such liquid shall not be permitted to produce into the same tanks or into tanks in any way connected with the same tanks into which oil wells are producing. In the event the liquid production from gas wells located on a lease on which are also located one or more oil wells, is disposed of as pipe line oil, the amount of oil produced by gas wells on any such lease during any month shall be deducted from the allowable production for said month of the oil wells located on the same lease, such deduction to be made from the allowable production of each such oil well in proportion to its potential determined as hereinabove provided.

(1) Before testing any wells for potential during the month of January, 1931, and within five days after the end of each month thereafter, each operator shall file with the Corporation Commission on forms approved by the Commission, a sworn statement with respect to each lease, showing the name and address of the operator thereof, the name and location of the lease, a list of the lease tanks on the lease showing pipe line numbers of each tank, a list of all tanks used as lease tanks off the lease, showing the location, pipe line company numbers thereof, and the amount of oil in each tank as of 7 o'clock A.M. on the 3rd day of January, 1931, and as of 7 o'clock A.M. on the first day of each month thereafter.

(2) The Umpire shall forward to each producer each month a statement showing as to each oil well in the field its potential, its tentative allowable for the preceding month, any overage or underage as of the first day of the preceding month, its net tentative allowable for the preceding month, its actual production during the preceding month, and its overage or underage, if any, as of 7 o'clock A.M. of the first day of the current month, and showing as to each lease the stock of oil on hand as of 7 o'clock A.M. the first day of the preceding month, the total production during the preceding month, the total shipments during the preceding month by pipe lines and tank cars, showing the amount shipped by each, and stocks on hand as of 7 o'clock A.M. the first day of the current month.

(3) Copies of all reports herein provided to be furnished to the Corporation Commission shall at the same time be furnished the Umpire at his office in Oklahoma City.

(4) Any person, firm or corporation transporting crude oil from the Oklahoma City field shall file with the Corporation Commission each month, on or before the tenth day of the month, a statement in duplicate showing the number of barrels of crude oil run from each lease in the field during the preceding month, and each railroad company which transports crude oil by tank car from Oklahoma City shall each month file with the Corporation Commission a statement in duplicate showing as to each shipment of oil from Oklahoma City, the name of the shipper, the name of the

consignee, the destination of the shipment, the number of cars shipped showing the serial number of each car and the weight of the shipment.

6

It is hereby made the specific and mandatory duty of the Umpire to report any violations of this order to the Corporation Commission.

[fol. 152] (e) That under the present conditions the application of a percentage plan of proration will serve to prevent waste in the Oklahoma City pool.

(f) That due notice on all persons and classes interested in the proceeding and in the rules and regulations to be established hereby has been given, as required by law, by publication for a reasonable time in a newspaper of general circulation in this State and otherwise.

It is therefore ordered by the Corporation Commission of the State of Oklahoma as follows:

Due to the situation in regard to the underrun and underproduced wells, the percentage of allowable runs this day fixed for the Oklahoma City pool, shall until further order of the Commission, and notwithstanding any other provision of this Order or of the general order this day issued, be applied as follows:

1. All overproduced wells shall be entirely shut in until they have made up such overage and are again "even".

2. Wells which are even shalll be allowed to produce only 2/3 of their allowable production as fixed in the general order this day issued.

3. The amount of allowable production said general order having been calculated upon the percentage of all wells in said pool whether underproduced or overproduced or even, that amount of oil, which, except for this section of this order, would be allotted to the overproduced wells and 1/3 of that amount of oil which, except for this section of this order, would be allotted to the even wells, shall be allotted to the underproduced wells in said pool. In addition to the allowable production of said wells as fixed in the general order this day issued, pro rate according to the potential production of said underproduced wells until all of

said underproduced wells are even, at which time the Umpire shall forthwith report that fact to this Commission, that the Commission may then make a supplemental order placing all wells in said pool upon an equal basis of production.

Jurisdiction of the subject matter of this order and of this cause is hereby retained by the Corporation Commission and notice is hereby given that supplemental and ancillary orders may be made herein from time to time as required by new developments and as instructions to the Umpire and Operators' Committee and said Umpire and Operators' Committee are instructed to report from time to time for the action of this Commission any pertinent facts or recommendations bearing upon the operation of the rules and regulations.

Done at Oklahoma City this 30th day of December, 1930.

Corporation Commission of Oklahoma. —— ——, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secy. (Seal.)

[fol. 153] No. 5437, dated February 10, 1931, which order reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5437

In re Application of WIRT FRANKLIN et al., for the Modification of Proration Orders No. 5413 and No. 5414

The potential production of the Oklahoma City field found by this Commission to be approximately 2,000,000 barrels, daily production, of 24 hours. Proration order so modified as to permit an allowable flow of 125,000 barrels per day of 24 hours or 6¼ per cent on an estimated 2,000,000 barrels daily production for the Oklahoma City field, or an increase of from approximately 80,000 barrels to 125,000 barrels, daily.

REPORT OF THE COMMISSION

Opinion by PAUL WALKER, Chairman:

The applications of Wirt Franklin and of Jones Bros., et al., seek the modification of proration orders Nos. 5413 and

5414 of this Commission by increasing the allowable takings in the Oklahoma City field, up to 10 per cent. The application of Wirt Franklin was modified verbally during the proceedings by requesting an increase of the allowable takings up to 5 per cent, based on the potential production of the Oklahoma City field as found by this Commission in its Order No. 5413, issued herein on December 30th, 1930, and there seems to have been at least a tacit acquiescence on the part of the other applicants thereto, though not necessarily on the part of some of the other producers who manifest hostility to any system of proration which can deny them the opportunity to take from their wells the petroleum which they can utilize either in manufacturing or in marketing.

The issues herein are relatively simple because the parties agree that for the purpose of this hearing and investigation, proration and equitable taking are recognized as valid and that the laws with reference thereto are not herein under attack, having been passed upon by the Supreme Court of this State in the case of Julian Oil & Royalties Co. vs. Capshaw, et al., 292, Pac. 841; and in the District Court of the United States for the Western District of Oklahoma in Champlin Refining Company vs. Corporation Commission, et al., No. 1156 and related cases. The Courts have held that proration and equitable taking are valid, under the Oklahoma law.

The only question at issue herein, aside from that of waste which is always present in any hearing of this character, is, shall the allowable and ratable takings from the Oklahoma City field be increased and if so, how much. The answer to that question is dependent upon the market demand, a thing wholly elusive and most difficult, if not im- [fol. 154] possible, of determination.

The evidence herein consumed a period of approximately six days and, despite the limited issues, took a wide scope, sufficiently illuminative, perhaps, for a general understanding of the theory and contentions of the various parties on the matter of proration and especially on the question of increasing the allowable takings.

The testimony seems to have been very largely determined by the particular interest of the parties themselves. Nor have some of these parties been altogether consistent in their attitude toward proration; thus those

desiring immediate opportunity to market an increased amount of crude petroleum generally favor an increase in allowable takings under proration, whereas those more anxious to preserve the market stability and to protect interests elsewhere, generally favor the maintenance of the present percentage of allowable takings from the Oklahoma City field, and the least possible market competition. Some of the producers whose interests are chiefly in the Oklahoma City field, however, stand squarely on the present policy of proration and suggest the limiting of takings to the actual visible market capacity, and that, of course, on a ratable basis, contending that having relied on the policy of proration and the practice of proration in the Oklahoma City field, they have made no effort to provide an immediate or approximate provision for the taking care of increased runs.

The present status of proration in the Oklahoma City field may be likened to a dam which is built to impound water at a time of rainy seasons or floods. The water once having been impounded and the dam built, to immediately loosen these waters by the blowing up of the dam or releasing the flood gates would mean disaster through floods to the territories and the people immediately below the dam. Thus it is in the present situation. The State, has, under the present laws, which have thus far been sustained by the Courts, as a conservation policy, embarked upon a system of proration.

The Oklahoma City field has been prorated until its production has been reduced to the minimum, now approximately 80,000 barrels. Some of the chief producers in this field have made little or no attempt to market their crude petroleum, hoping for a day when the production generally would have so declined or have been so taken care of as to bring about a greater or more advantageous market for the Oklahoma City field.

[fol. 155] Nor have they made any provision for storage, in case proration should be lifted, or so increased as to throw tremendous quantities of crude petroleum from the field on the market at once. Therefore, the State, having developed this condition and having brought about this situation, is in duty bound to use its best efforts to protect the people thus affected and thus relying upon its protection. The Corporation Commission having thus far followed the

policy, and the State and its people having relied thereon, could not, it appears, in good conscience, deliberately and precipitately abandon its former policy and right about face without giving persons thus relying upon this kind of protection some opportunity to look out for the future.

Any assumed discussion of the so-called conservation laws and of the policy of proration would be largely beside the issues, wherein the validity of proration and equitable taking is recognized and only a modification of the orders to permit increased takings is involved, unless such increase might be tantamount to a lifting of proration entirely. This is not contemplated.

The amount of allowable takings from the Oklahoma City field must be dependent upon the market demand, and the issues, we think, herein, must be decided upon that ground. Before entering upon a discussion of the evidence thereon or a determination thereof, however, we must give attention to the question of waste.

The applicants contend that any permissable amount of crude petroleum may be taken from the Oklahoma City wells and the Oklahoma City field without waste, either physical or economic. This the opponents of the application deny.

Let us consider first the question of physical waste. There is on this question, some argument and some disagreement between applicants and protestants. Wirt Franklin testified that physical waste is now taking place in the Oklahoma City field through improperly cased wells which permit water to seep into the strata, or sands, thereby drowning out or driving back the oil, and through escaping, or transmission, of natural gas from its natural stratum into the stratum or sand containing the crude petroleum and vice versa. This unnatural or improper transmission of natural gas from a gas stratum to an oil stratum and of oil from an oil stratum to a gas stratum could be and probably is productive of tremendous underground waste, the oil being absorbed in the dry gas sand and the gas go- [fol. 156] ing into a sand where it is not presently needed for the production of oil and retarding rather than aiding the oil recovery. Similar testimony of similar instances of waste was offered on behalf of other parties to the proceedings and by some of the witnesses for the protestants.

All parties agree that this underground waste should be stopped through proper care of the wells; in some instances, perhaps, by plugging back and cementing and in others, by introducing additional string or strings of casing and cementing. But whatever the process or the cost, the necessities of the field demand the cessation of underground wastage and the protection of the wells against its recurrence. While the application of Wirt Franklin is based, partially, apparently, on the right to take additional runs of oil, as an emergency or salvage proposition, the evidence indicates that underground wastage may be taken care of wholly aside and apart from these applications and that the granting of the applications is not dependent upon the solution of this question. The Commission's announcement thereon at the conclusion of the hearing is indicative of its intention, as expeditiously as possible, to take care of this kind of wastage in the Oklahoma City field.

Economic waste, so far as this hearing is concerned, is too closely allied to physical waste to permit intelligent severance therefrom. Thus, one of the protestant's chief objections to increasing the allowable takings from the Oklahoma City field is based on the claim that such increased takings would tend to absorb markets which are now caring for the small or so-called stripper wells, generally estimated at some 30,000 to 60,000 wells in the State of Oklahoma, dependent upon the definition of a stripper well and the amount of crude petroleum which would designate a well within that class. In any event, it is contended that a flood of oil from the Oklahoma City pool would disastrously affect some 60,000 wells in the State outside of Oklahoma City pool and would close many of them down for a long time and that during this time these wells would, because of water and other damage, become in such condition that their operation would no longer be practicable. This would constitute both physical and economic waste, physical in the sense of the destruction of valuable properties, both to individuals and the State, and economic in the destruction of these properties and the co-incident in- [fol. 157] juries connected therewith, not only to the wells themselves but to the State and its people.

To that feature of economic waste wrapped up wholly in the question of price fixing, we shall not advert for the reason that both the State and the Federal Courts and the

parties presenting the proceedings involving proration, have assumed, apparently, that the provision of the laws relating to price fixing are invalid, and that the Corporation Commission is without authority to sit as a price fixing agency in the determination of the issues. The price of crude petroleum, however, is inseparably related to the question of economic waste. It is the demand for crude petroleum at a price which will permit the operation of wells which keeps men employed and wells operating. Without both a market demand and a price which will pay expenses, wells cannot be kept going or petroleum pumping through the pipe lines, to the trade. Therefore, much of the testimony, touching upon economic waste, had to do with the price which might be maintained in the Oklahoma City field and which might reflect itself to the other wells in the State, and in determining whether or not they would be kept in operation.

Another element of physical waste, not present, but contemplated or threatened, is that of earthen storage. Witnesses indicated that if an allowable taking is permitted far in excess of either the demand of the market or the ability of the market to absorb, operators who do not have access to pipe lines as advantageously as their neighbors and who are not provided with steel storage, will attempt to place oil in earthen storage. With this argument, we are not greatly impressed. It harks back to the days of the Cushing and the Healdton Fields, when the State had neither a convervation law nor a conservation policy. Earthen storage is now forbidden in any field in Oklahoma both by statute and by specific orders of this Commission. Earthen storage cannot be had except it be accompanied by physical waste as well as untold hazards in a field thus proximate to a great city. Our orders specifically prohibit the allowing of oil "to leak or escape from natural reservoirs, wells, tanks, containers, or pipes". (See rule 12 of this Commission's Order No. 1299.). We think, however, in this connection, inasmuch as the question has been raised that we should give specific notice that earthen storage cannot either be used or tolerated in the Oklahoma City field.

[fol. 158] Another and an exceedingly important problem, directly connected with the question of physical waste but also bearing upon the question of economic waste and

the ultimate recovery of the field, is the question of natural gas wastage in connection with the production of crude petroleum. A witness, a competent petroleum engineer, testified that if the wells in the Oklahoma City field were opened to 10 per cent capacity daily flow, assumably based upon the Commission's estimated potential in its Order No. 5413, of near 6,000,000 barrels, there would be a production in the Oklahoma City field of approximately one and one-half billion cubic feet of natural gas, the greater portion of which would be blown into the air and dissipated.

Involved in this wastage of natural gas to an extent which to the layman's mind seems criminal and which to any mind ought to be conceded to be improvident, is the question of the destruction of gas energy. The potent and necessary element, or power, is the recovery of crude petroleum. Oklahoma City wells are exceedingly deep, generally producing crude petroleum from a depth below 6500 feet, and the gas energy so necessary for their production, once dissipated, cannot be restored. The relationship of wastage of natural gas from these wells and the allowable takings of crude petroleum from the wells, is an important and a necessary one. We should not permit unlimited flow from these wells until we can be convinced that the natural gas energy is being conserved to the best advantage.

Mr. J. R. McWilliams, a competent petroleum engineer, employed by the Skelly Oil Company, called as a witness by counsel for the applicants, Jones Bros. et al, testified that the gas ratio in the production of oil, through pinching in of the wells and through mechanical devices, could be kept down as low as 800 to 1500 cubic feet of natural gas per barrel of oil and generally not to exceed 2000 cubic feet per barrel of oil produced. Another petroleum engineer testified that 3000 cubic feet of natural gas was the maximum required for producing a barrel of crude oil. There is no evidence that any reasonable amount of study, care or caution has been given by operators generally in the Oklahoma City field to the conservation of this natural gas energy or the prevention of waste of natural gas in connection with the production of crude petroleum. We should have jurisdiction to prevent such waste and to require the preservation of such energy. If there is any weakness in the law in this respect it should be amended. We ought not to [fol. 159] be compelled to assume any such weakness for

the purpose of this administrative legislation. These facts and these circumstances indicate a cause for failure to permit unlimited taking of crude petroleum from the wells in the Oklahoma City field, aside from the admitted validity of the present laws and regulations, and the assumed wastage if unlimited production of crude petroleum were permitted.

The chief ground upon which the applicants base their request for increasing allowable takings is that there is an available market if they could produce the oil from their wells to supply this market. The reply of the protestants is that nobody is being restricted at the present time from producing oil which can be absorbed by the market, provided that such oil can be taken ratably. It is the applicant's counter reply that they do have a market on terms which are satisfactory to themselves but which may not be agreed to by those insisting on maintining the present posted market price. The situation here presents somewhat of a dilemma. An operator cannot take oil from the field unless he is willing to take it ratably; that is, if he has a market demand he cannot supply that demand in excess of the prorated allowances from his wells unless he is willing to divide up his market with his neighbors and take from them ratably. Out of this dilemma, the only practicable or feasible solution seems to be, admitting proration and equitable taking, an allowance of takings sufficient to absorb the market offered. The situation calling for relief is not based altogether on logic but is one requiring, under the law, the protection of all the producers of the common source of supply, and presumably, the public.

Certain it is that the great and ultimate object of the conservation laws was the protection of the public, and by the public we mean the State of Oklahoma and its people. It was the little and so-called independent producers who came to the legislature and to the Corporation Commission in 1914 and 1915, for protection. It was said that the big and the powerful interests were crushing out the small and the independent producer through taking oil from their own wells, thereby draining his properties while refusing to buy any of his production.

Now it seems to be chiefly the distressed producers who are seeking the widening of proration, for the reason that

they have accumulated obligations which can only be met through turning some of the oil from their wells into cash. This is not altogether true for the reason that the Sinclair Company, one of the largest producers in the field, is unalterably opposed to the policy thus far pursued by the Corporation Commission.

Who would be helped and who would be injured by the [fol. 160] turning loose of production in the Oklahoma City field, beyond any reasonable ability of the market to absorb, is problematical, but, as always, the weaker would probably suffer first and the persons who are now most earnest and insistent in the requests for increasing, or lifting of proration, could not hope to escape the effects, of the probabilities of being the first to suffer, and, likely, the ones to meet the most disaster.

As to the market demands and the effect of increasing the allowable takings, there is a constant conflict of testimony; the applicants contend that increasing the allowable takings would increase the market. The protestants, on the other hand, are of the opinion, generally, that any increasing of the allowable takings would not increase the market demand, and, some of them insist that an unreasonable increase of the allowable takings in the Oklahoma City field would be accompanied by withdrawals, to a certain extent, at least, from the market by some of the major pipe lines now taking oil. We cannot say that this is a threat because the witnesses, testifying under oath, must be assumed to have been giving their convictions as to the probable effect and result.

The applicants, on the other hand, contend that there is a demand for Oklahoma City oil. They introduced a number of witnesses who testified that they can sell oil if they can produce it; that they have contracts for a determinate and for an indeterminate amount of crude petroleum if it can be gotten, and at a price satisfactory to themselves. This testimony, in the very nature of things, must necessarily be of a very unsatisfactory character. Witnesses testified that they could not divulge buyer's names because of the possibility of losing sales thereby. Some of this testimony was put on by brokers who testified to indefinite demands for crude petroleum saying that certain persons had inquired of the ability to buy definite quantities of crude petroleum in the Oklahoma City field but did not push these inquiries when

advised of the low allowable takings and of the fact that their offers probably could not be absorbed at the price quoted. All in all, and possibly in the very nature of things it must be so, the preferred markets of the applicants and their supporters, are, in the words of the protestants, largely "nebulous". At any rate, they are indefinite and offer no basis on which we can predicate a definite finding.

The testimony, however, does indicate that the applicants and some of their supporters could and would market and take an increased amount of crude petroleum, and in addition to that which would be taken by the major pipe lines if the allowable takings were materially increased. In other [fol. 161] words, we think that the applicants, while not making a conclusive case, have made one which indicates that some relief should be granted. Again, how much, is the question.

The Oklahoma City field, the evidence indicates, is being discriminated against. It is our duty, if possible, to give those who have oil to sell, an opportunity to dispose of it, through so regulating proration as not to shut off the markets offered.

The evidence indicates that there has been a steady and gradual decline in the production and sale of Oklahoma crude petroleum, notwithstanding proration. The opponents of the present policies of proration ascribe this falling off in the market to the rules and regulations of this Commission, claiming that if there had been no proration the heavy and increased production of Oklahoma oils would have caused Oklahoma to continue to lead the other States of the Union in the production of crude petroleum. This partly begs the question for the reason that proration and equitable taking for the purpose of this hearing is admitted. Nevertheless the record does show that there has been a decline of Oklahoma production during the past three years of over 250,000 barrels, and a retrogression of Oklahoma from first to third place among the crude petroleum producing States of the Nation, and a falling off of the gross production tax to the State of more than three million dollars per year. How much of this is incident to the general depression which has swept the country and how much to something else, it is difficult to say. Certainly all the ills have not been due to proration and we cannot say that conditions would not have been worse had there been no proration, for

having been pioneered here proration has spread to Texas and California, though it has not been in use elsewhere except by voluntary action of operators in certain places, as in the Kansas fields.

Another inquiry which is pertinent to the allowable takings from the Oklahoma City field is whether the orders now in effect are actually being enforced. The umpire in the field has filed a number of complaints and the Commission has issued citations thereon against certain operators for taking more than their allowable runs. Trial has not yet been had thereon. Subsequent to the proceedings hereon which terminated in Orders 5413 and 5414, a number of complaints were filed on behalf of Champion, et al., alleging that a large number of operators generally throughout the field are violating the Commission's orders and are taking more than the allowable runs. These allegations on behalf of both [fol. 162] sides, if true, are exceedingly important because they would indicate that whereas the actual reported takings from the Oklahoma City field are now only about 85,000 barrels, they might in fact be considerably greater and, hence, while they offer no legitimate excuse for any producer to violate the orders of the Commission, they do indicate that with strict enforcement of the orders the allowable takings may be increased. This Commission must, so long as the law makes it its duty to impose equitable takings so far as is humanly possible, strictly enforce its orders thereon, without fear or favor, and without discrimination among producers in the field.

There were indications at the hearings of favoritism and of discrimination against certain operators. Without evidence thereon these must be considered fancied rather than real. We cannot assume that the umpire is not doing his duty to the very best of his ability. Nor do we have any evidence that he is not thus attempting to do his duty. But we do recognize that an unhealthy condition, or situation, exists in the Oklahoma City field. The umpire is nominated by the producers, or operators.

Certain operators have not felt warranted in co-operating therein. There is no law compelling them to do so. There ought to be some way, which the operators generally could suggest of direct representation, in the umpiring, for these persons who are suspicious of what is now being done. If this could be brought about it would go a long way toward relieving the tension in the Oklahoma City field.

The Corporation Commission is not equipped to police the Oklahoma City field, let alone all the fields of the State. It has certain conservation agents whose duty it is to look out for and prevent violation of physical waste. The law probably never contemplated that we should attempt, with these few agents, to police takings from any pool where there might be a potential production far in excess of any market demand. If the State intends that we should, it must make provision therefor by law. There are now, in the Oklahoma City field, something like 680 oil wells. In fairness to the operators it must be said that they generally manifest a willingness, voluntarily, to observe this Commission's findings and orders relative to proration and equitable taking. Without such attitude, enforcement of proration or equitable taking, would be a physical impossibility, under the present machinery, in a field of this size, not to mention the other fields in the State.

[fol. 163] The present situation as to practiced takings from the Oklahoma City field does present an element which must be taken into consideration in the order to be made herein as to allowable takings, especially in view of the fact that we must, under the law, use our best endeavors to enforce whatever order or orders we may make herein.

We come now to a determination of the figure to be used in the allowable takings. This we cannot arrive at with any mathematical accuracy; it must be purely an estimate; it must be largely a guess; it must hang on the ability of the market to absorb but must not be contingent upon any collusion among operators to discriminate against the Oklahoma City field. The applicants are basing their application for percentage increase in takings from the Oklahoma City field on the finding of this Commission's Order No. 5413, supra, as to the Oklahoma City potential, which the Commission estimated for February, 1931, at 5,838,804 barrels. The umpire in the Oklahoma City field now estimates the potential of this field at 6,254,964 barrels per day but gives the actual at not in excess of 3,000,000 per day in his testimony herein.

The testimony in the record indicates that this potential is altogether too high and that it is based on a 4-hour test of each well, made when the other wells were closed. It is contended that any reasonable estimate of the potential of this field must be based on at least a 24-hour test, with all

the wells producing at once. That, of course, is a physical impossibility because of the inability to find storage for any such test. A real test, which is altogether out of the question, would be a full production of the wells over a period of say, some thrity days. Various opinions from competent engineers and experts, were given as to the actual production of the Oklahoma City field; these range as high as three and one-half million barrels approximately, to as low as around one million barrels. The Commission should find, under the evidence, that the actual production of the Oklahoma City field would be not to exceed from two million to two and one-half million barrels per day. A 5 per cent allowance on such a potential would be a maximum of 125,000 barrels.

[fol. 164] Findings of Fact, Conclusions and Order

By the Commission:

From the evidence and testimony herein, the Commission finds and concludes as follows:

1. That for the purpose of this hearing and investigation the validity of proration and of equitable taking are admitted; that it is recognized by all parties to the proceedings that whatever their personal views may be, for the purpose of this hearing and investigation, the holdings and decisions are so recognized; and that no attack is being made on either herein.

2. That the principal issue involved is the amount of equitable taking which may be permitted from the Oklahoma City field, the written applications generally requesting an increase not to exceed ten per cent of the potential production of the field, but there being, apparently, a tacit acquiescence at the hearing on the part of the applicants, though not of all their supporters, to a five per cent allowable taking, based on the Commission's estimated potential production.

3. That the conservation laws, as to crude petroleum and natural gas, are bottomed on waste, and that whatever is done herein must recognize the principle of the prevention of waste, and, specifically physical waste.

4. That the Commission now, and at all times, has recognized that earthen storage of crude petroleum constitutes

waste, as defined by the conservation laws of the State and the rules and regulations of the Corporation Commission in reference thereto, and especially, as set forth in Rule 12 of this Commission's rules and regulations for the conservation of crude petroleum and natural gas, heretofore prescribed by this Commission in its general Order No. 1299, issued in its cause No. 2935; and that while the orders of this Commission relating to the Oklahoma City field have not in specific terms been directed against placing of oil in earthen [fol. 165] storage, such regulation or requirement is now in effect under the Commission's general orders, though such specific rule, for purpose of emphasis and notice, might be set out in the orders to be made herein.

5. That there is a large production of natural gas incident to the production of crude petroleum in the Oklahoma City field, the evidence indicating that on a ten per cent flow of all the oil wells in the field capable of production, there would be an incidental production of something like one and one half billion cubic feet of natural gas, the greater portion of which could not immediately be utilized either through casing-head gasoline manufacture or the disposal of the gas for industrial or domestic consumption, or in storage for future use, as energy for producing oil wells, or for fuel.

6. That the method of computing the potential production of the wells in the Oklahoma City fields, i. e., by a four hour gauge on a well while the other and surrounding wells are shut in, is fallacious in that it produces a potential production far in excess of the probable potential production of the field, either for any considerable time, or a thirty day, or even for a twenty-four hour period.

7. That while Order No. 5413 of this Commission, dated December 30, 1930, indicates a potential daily production of the Oklahoma City field, for February, generally based on a four hour gauge of 5,838,804 barrels, and the umpire now estimates, on this basis, 6,254,964 barrels, potential daily production, the evidence indicates that the actual present daily potential production of the Oklahoma City field is approximately 2,000,000 barrels, and the Commission so finds.

8. That the indefinite and indeterminate market said by the applicants herein to be available in the Oklahoma City

field, in addition to the crude petroleum, now taken, or to [fol. 166] be taken, by the so-called major companies and pipe lines, can only be ascertained by testing or "trying out" the market, and, possibly, at a somewhat increased allowable taking from the wells.

9. That this Commission, charged with the duty, under the law as construed in the court decisions, of enforcing proration and equitable taking, is required to see that such runs as are taken from the Oklahoma City field shall be taken equitably and ratably and without discrimination among the operators and producers in the field, or from the strata, or sands, from which the oil is being taken.

10. That for the purpose of relieving conditions in the Oklahoma City field, and for trying the market, the allowable taking of crude petroleum should be and is increased to 125,000 barrels per day, or 6¼ per cent of an actual potential production of 2,000,000 barrels per day.

11. That the Commission should retain jurisdiction of the subject matter hereof and of the parties hereto, and that permission should be given March 2nd, 1931, for the presentation of additional evidence to this Commission of the market demands of that date.

12. That the major pipe line companies and the major producing companies will be expected to take an increased amount of crude petroleum from the Oklahoma City field and to co-operate in taking at least the amount allotted herein to the Oklahoma City field.

13. That in estimating runs the following formula shall be used: On a 4-hour gauge of the wells in the Oklahoma City field, each taken separately, when the other wells were shut in, it is estimated that the daily potential production of the Oklahoma City field, for a period of 24 hours, is approximately 6,000,000 barrels. This estimate is arrived at by allowing each well to flow separately 4 hours, showing [fol. 167] a flow of 1,000,000 barrels. This figure of 1,000,000 is multiplied by 6 to give the flow for the 24-hour period, or 6,000,000 barrels.

But we believe a more equitable and fairer potential would be arrived at by the following method, i.e.; the testimony shows that a well opened by itself, when all the other wells are closed, will produce two and one half times as

much as it would with all other wells open at the same time. Therefore, we take the 4-hour flow, totaling for all the wells for this period approximately 1,000,000 barrels, and divide this number of barrels by two and one half giving 400,000 barrels. Since the evidence also shows that a well will not produce as much the latter part of the 24-hour period as it would during the first part of this period, it would, the testimony shows, be a fairer method to multiply by five, rather than by six. Multiplying 400,000 by five gives a potential of 2,000,000 barrels for the Oklahoma City field, or one third of the present estimated production for the field, approximate-.

In estimating the allowable runs from each well in the Oklahoma City field, on the basis of 125,000 barrels for the field, the true gauge will therefore be one-third of the estimated production, on the basis of the four hour gauge, multiplied by six, and the owner will be permitted 6¼ per cent thereof.

14. That the production of crude petroleum from the wells in the Oklahoma City field should be in such manner as shall not constitute unreasonable natural gas waste or unreasonable waste of natural gas energy.

15. That earthen storage of crude petroleum constitutes waste, is prohibited by the general orders of this Commission, and notice is hereby given that such storage in the Oklahoma City field would constitute waste and is specifically prohibited, as is likewise any other form of storage which permits leakage of oils.

[fol. 168] Order

Wherefore, premises considered, and the Commission being advised, it is therefore ordered:

1. That Orders Nos. 5413 and 5414 made and entered on December 30, 1930, be and the same are hereby modified and supplemented insofar as they affect what is known as the Oklahoma City oil field, and that the potential production of said field be and the same is hereby determined to be approximately 2,000,000 barrels of crude oil per day.

2. That the amount of allowable production from said Oklahoma City oil field be and the same is hereby increased

from the allowable heretofore determined, to 125,000 barrels per day, or 6¼ per cent of the potential production of 2,000,000 barrels per day as herein determined.

3. That each person, firm or corporation having the right to drill into and produce oil from the Oklahoma City oil field, may take from such pool, or area, or extensions thereof, 6¼ per cent of the potential production of the wells owned and operated by any such person, firm or corporation, and each person, firm or corporation having such right to drill into and produce oil from said pool be and they are hereby required to produce said percentage in such a way as not to constitute waste, and in such a way as not to constitute an unreasonable waste of natural gas or natural gas energy.

4. That the owners and operators of oil and gas property in what is known as the Oklahoma City oil field, be and they are hereby prohibited from storing crude oil in said field in earthen storage tanks or other storage facilities which permit leakage of oils in a wasteful manner.

5. That in estimating the allowable run from each well in the Oklahoma City field on the basis of 125,000 barrels for said field as herein determined, the true gauge shall be one-third of the estimated production on the basis of the [fol. 169] four hour gauge, multiplied by 6, and each owner and operator of any well or lease in said field shall be permitted 6¼ per cent of the potential production arrived at and determined by this method.

6. That jurisdiction of the subject matter and parties herein be and the same is hereby retained for the purpose of making ancillary or supplemental orders hereto, and March 2nd, 1931 be and the same is hereby set as the date for the presentation of any additional testimony of any interested party with respect to the matters and things here involved, and particularly as to any changed condition with respect to the market demand for crude oil or petroleum produced in said field.

7. That the pipe line companies and common carriers of crude oil and petroleum from the Oklahoma City oil fields, be and they are hereby ordered and directed to cooperate to the fullest extent with the producers in said field, and shall take such increased quantities of crude oil or petroleum

from said field as may be produced, without waste, under the terms and provisions of this order.

8. That the terms and provisions of Order No. 5413, and other orders heretofore made and entered, and now in effect, except as modified herein, shall remain in full force and effect.

9. This order to be in full force and effect from and after the date of its promulgation and until further order of the Commission.

Done at Oklahoma City this the 10th day of February, 1931.

Corporation Commission of Oklahoma. Paul A. Walker, Chairman. C. C. Childers, Commissioner. E. R. Hughes, Commissioner.

Attest: E. D. Hicks, Jr., Secy.

[fol. 170] No. 5468, dated April 20th, 1931, which reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5468.

In re: Application of Wirt Franklin for Rules and Regulations to be Established by the Commission to Prevent Waste of Petroleum in the Producing Oil Fields of the State of Oklahoma.

In re Supplemental Application in the Above-Entitled Cause of Otto Bradford, Umpire of the Oklahoma City Pool for a Modification of Proration Order No. 5437, and to Take Testimony for the Purpose of Determining Whether or not an Increased Allowable from the Oklahoma City Field Should be Made

FINDINGS OF FACT AND ORDER

On April 17th, 1931, the petitioner Otto Bradford, Umpire of the Oklahoma City pool, pursuant to notice of the hearing given both personally and by publication, presented his application for a modification of the Commission's Or-

der No. 5437. The applicant and numerous other witnesses were examined under oath, and exhibits showing the potential production, actual production, overage and underage in production, and the takings and shipments from the Oklahoma City field from February 1st, 1931, to April 15th, 1931, were introduced in evidence. Statements under oath as to probable taking and purchases from the Oklahoma City Field for the remainder of April and the month of May, 1931, were taken and the Commission being fully advised in the premises, finds as follows:

(a) That the area to be covered by the order is the Oklahoma City field as heretofore described in orders of this Commission, together with any new wells which may be brought into production during the continuance of the order and contiguous to or in the immediate vicinity of said field.

(b) A condition exists in the Oklahoma City field whereby the wells of many producers are both under-produced and under-run; that is to say, because of lack of market, some producers have been unable to produce the full allowable permitted under the orders of the Commission, and are therefore "under-produced", and some producers who have produced oil within the allowable have been unable to market or dispose of the same and are therefore "under-run". A part of this condition is due to misunderstanding in interpretation of the application of the Commission's Orders Nos. 5413 and 5414 which is now made clear and set at rest by the Commission's Journal Entry No. 1876 permitting all producers who had not run 6¼ per cent of their potential after February 10th, 1931, to produce the amount of oil which they would have so produced in the period from February 10th, 1931 to March 1st, 1931, had they produced the full 6¼ percent of the potential production of their wells during that period. Another contributing cause was the failure of some purchasers to take the full amount of their nominations of purchase, upon which the Commission's orders have been based. In order to enforce ratable taking, it is necessary that proper provision be made to take care of the underproduced and under-run oil during a reasonable period of time. The total of this under-run [fol. 171] and under-produced oil as of this date, is 1,700,000 barrels. In addition thereto, oil produced during the

test period for new wells, permitted by the Commission's Orders, will probably amount to more than 3300 barrels per day during the remainder of April and the month of May, 1931.

(c) The potential production of the Oklahoma City field as of this date is approximately 2,240,000 barrels of oil per day. This figure is arrived at by multiplying the four hour actual gauge by two, which is the same thing as multiplying the four hour gauge by six and dividing by three, as heretofore prescribed by the Commission. The Commission finds that the production of oil wells during a four hour open flow is ordinarily in excess of the average flow over any considerable period of time, and finds that the method above stated produces a fair representation of actual daily potential production. Upon the same basis, the Commission finds that the average potential production of the Oklahoma City field for the month of May, 1931, will be approximately 2,549,489 barrels of oil per day.

(d) The present reasonable market demand in the Oklahoma City field now somewhat exceeds an average of 150,000 barrels per day. What such demand will be for the remainder of April and the month of May, must depend upon consumption and other conditions. The Commission finds, however, that such reasonable market demand will probably not exceed 165,000 barrels per day for the remainder of April, and 175,000 barrels per day for the month of May.

(e) The conditions of overproduction and imminent and probable waste existent when Orders No. 5369, 5413 and 5414 were issued, still continues and requires the making of proper orders herein to prevent such waste and promote conservation of oil and gas in the manner provided in the statutes of this State.

Order

It is therefore ordered by the Corporation Commission of the State of Oklahoma—

I

The area to be affected by this order is that set out in the Findings of Fact heretofore made in this order.

II

All existing orders of this Commission relating to production of crude oil and natural gas in the Oklahoma City field as modified by any subsequent orders and as modified hereby, are hereby continued in full force and effect until the further order of this Commission.

III

Effective 7 A. M. April 20th, 1931, and continuing until 7 A. M. May 1st, 1931, all wells in the Oklahoma City field, not now illegally over-produced, shall be permitted to produce 7 per cent of their potential production as determined by the Umpire under the orders of this Commission, less any permitted over-production. Effective 7 A. M. May 1st, 1931, and continuing until 7 A. M. June 1st, 1931, such wells shall be permitted to produce 6 per cent of such potential production, less any such permitted over-produc-
[fol. 172] tion. Wells over-produced in violation of the orders of this Commission above designated as "illegally over-produced" shall remain shut in until such over-production is made up and such wells are again "even".

IV

The Umpire shall permit to be supplied any reasonable market demand over and above the reasonable market demand necessary, to take care of the percentage of production provided for in paragraph III hereof, but shall from time to time allot the same to the under-produced and under-run wells. If and when the under-run and under-produced condition shall be eliminated in the field, the Umpire shall immediately report that fact to the Commission for its further action and allotment of such market.

V

Jurisdiction of this cause is hereby retained for the purpose of making such other, further or different orders, rules and regulations as may from time to time appear to be proper, and any interested party may at any time apply

to the Commission for any such orders, rules and regulations.

Done at Oklahoma City this the 20th day of April, 1931. Corporation Commission of Oklahoma. (Signed) Paul A. Walker, Chairman. (Signed) C. C. Childers, Commissioner. ——, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secy.

[fol. 173] No. 5486, dated May 28th, 1931, which reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5486

In re Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Commission to Prevent Waste of Petroleum in the Producing Oil Fields of the State of Oklahoma

OPINION AND ORDER

This cause came on for hearing on the 28th day of May, 1931 upon the petition of Otto Bradford, Umpire for the Oklahoma City field, filed herein on the 22nd day of May, 1931. Due notice of this hearing had been given by publication in a newspaper of general circulation in the state, and also by personal service upon all persons to be affected by this order. The testimony of numerous witnesses was taken under oath, and exhibits showing the potential production, actual production, overage and underage in production, and the takings and shipments from the Oklahoma City field from June 1st, 1931, to September 30, 1931, were introduced in evidence. Statements under oath as to the probable takings and purchases from the Oklahoma City field, subsequent to the 1st day of June, 1931, were taken, and the Commission being fully advised in the premises, finds as follows:

(a) The condition of production in excess of reasonable market demands, and imminent probable waste existent

when Orders Nos. 5369, 5414, 5437 and 5468, were issued, still continue, and requires the making of proper orders herein to prevent such waste, promote conservation of oil and regulate the equitable, fair and proportional taking thereof, as provided by the statutes of this State.

(b) The total potential production of the Oklahoma City field as the same has been described and denominated in the previous orders of the Commission, and the reasonable market demand, is such as to permit the taking from the Oklahoma City field of 6 per cent of the potential production of each of the wells in the field, determined and calculated upon the basis heretofore prescribed by the Commission.

(c) Order No. 5468 as the same was effective from 7 o'clock A. M. May 1, 1931, until 7 o'clock A. M. June 1, 1931, should be continued in full force and effect from June 1, 1931 at 7 o'clock A. M., to July 1, 1931, at 7 o'clock A. M.

(d) The jurisdiction of the cause and of the petition should be retained for the purpose of determining the amount which the several wells in the Oklahoma City field should be permitted to produce subsequent to July 1, 1931, at 7 o'clock A. M.; and the petition and cause should be set for further hearing and the taking of any additional testimony which may bear upon the situation as it exists in the Oklahoma City field at that time.

Order

It is therefore ordered by the Corporation Commission of the State of Oklahoma:

That Order No. 5468 and all existing orders of this Commission relating to the production of crude oil and natural gas in the Oklahoma City field, as modified by any subsequent orders and as modified hereby, are hereby continued in full force and effect until the further order of this Commission, and effective at 7 o'clock A. M., June 1, 1931, and continuing until 7 o'clock A. M. July 1, 1931, and/or until further order of this Commission, all wells in the Oklahoma City field not now illegally over produced shall be permitted to produce 6 per cent of their potential production as determined by the Umpire, under the orders of this Commission, less any permitted over production.

[fol. 174] Wells over produced in violation of the orders of this Commission, designated in previous orders of the Commission as illegally over produced, shall remain shut in until such over production is made up and such wells are again even.

The Umpire shall permit to be supplied any reasonable market demand over and above the reasonable market demand necessary to take care of the percentage of production provided in the preceding paragraph hereof, but shall from time to time allot the same to the under-produced and under-run wells. If and when the under-run and under-produced condition shall be eliminated in the field, the Umpire shall immediately report the fact to the Commission of its further action and allottment of such market.

Jurisdiction of this cause and of the said petition is hereby retained for the purpose of maknig such further additional or different orders, rules and regulations as may from time to time appear to be proper, and any interested party may at any time apply to the Commission for any such order, rules and regulations.

Further hearing of this matter and cause is continued until the 29th day of June, 1931, at 10 o'clock A. M., at the office of this Commission, for the purpose of further determining the potential production of the Oklahoma City field, and the reasonable market demand of oil therefrom, and the general conditions thereof, at which time any interested party may offer any additional evidence or testimony; and notice is hereby given that this Commission will at such time and place consider further order, or orders, rules and regulations, governing and affecting the production of wells in the Oklahoma City field.

Done at Oklahoma City this the 29th day of May, 1931.

Corporation Commission of Oklahoma. (Signed) Paul A. Walker, Chairman. (Signed) C. C. Childers, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secretary.

[fol. 175] No. 5548, dated June 27th, 1931, which reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5548

In re Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Commission to Prevent Waste of Petroleum in the Producing Oil Fields of the State of Oklahoma.

OPINION AND ORDER

Be it remembered that on this the 27th day of June, 1931, the Commission having before it the application of Otto B. Bradford, Umpire in the Oklahoma City field by his Attorney Ralph G. Thompson for an increase in the allowable runs from the Oklahoma City field and application of C. O. Rison and B. G. Patton on behalf of the Special Operators Committee in the Oklahoma City field for an increase in the allowable runs in the Oklahoma City field, which allowable runs in both applications is for the purpose of supplying the market demand, finds:

That Order No. 5486 herein issued by this Commission on the 29th day of May, 1931, permitting allowable runs of 6 per cent of the potential production of the wells as determined by the Umpire, also provides that:

"The Umpire shall permit to be supplied any reasonable market demand over and above the reasonable market demand necessary to take care of the percentage of production provided in the preceding paragraph hereof, but shall from time to time allot the same to the under-produced and under-run wells. If and when the under-run and under-produced condition shall be eliminated in the field, the Umpire shall immediately report the fact to the Commission for its further action and allotment of such market.

Jurisdiction of this cause and of the said petition is hereby retained for the purpose of making such further additional or different orders, rules and regulations as may from time to time appear to be proper, and any interested party may at any time apply to the Commission for any such order, rules and regulations."

The Commission further finds from the foregoing verified applications, and from the reports of the Umpire that the pipe line demands based upon the average takings over the past ten days are in excess of 200,000 barrels per day;

That the allowable production, at 6 per cent of potential, under Order No. 5486, would be 1,340,588 barrels, from 7 o'clock A. M. June 27th, 1931, to July 1st, 1931, at 7 o'clock A. M., both inclusive;

That the balance of the June allowable which cannot be produced during the month of June is 200,000 barrels, and that there will be in addition thereto tank bottoms, working stock and June 30th production, not available for running in June, of 700,000 barrels, or 900,000 barrels, deductable from the foregoing figure of 1,340,588 barrels, or a net of 440,588 barrels, from 7 o'clock A. M. June 27th, 1931, to July 1st, 1931, 7 o'clock A. M., or an average daily production of 110,147 barrels for this period;

That there is an average daily pipe line requirement, estimated, for the remainder of June, 1931, of 200,000 barrels, or a daily average shortage, of fulfilling the market demands, of 89,853 barrels;

[fol. 176] That the Commission's estimated potential of the Oklahoma City field for the remainder of the month of June 1931, is 2,539,059 barrels per day;

That it will require at least 4 percent increase on the Commission's estimated potential of the Oklahoma City field to supply the additional market demand.

Wherefore, premises considered, and the Commission being advised, it is therefore ordered that effective 7 o'clock A. M. June 27th, 1931 and continuing until 7 o'clock A. M. July 1st, 1931, and/or until further order of this Commission, all wells in the Oklahoma City Field not now illegally overproduced, shall be permitted to produce 10 percent of their potential production as determined by the Umpire, under the orders of this Commission, less any permitted overproduction.

It is further ordered that the producers and purchasers in the Oklahoma City field shall immediately be notified and in such expeditious manner as to give all parties opportunity to take advantage of this Order on this date.

It is further ordered that except as modified herein, the Commission's Order No. 5486 shall remain in full force and effect.

Done at Oklahoma City, Oklahoma, State Capitol Building, the day and date first mentioned herein.

Corporation Commission of Oklahoma. (Signed) Paul A. Walker, Chairman. —— ——, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secretary.

[fol. 177] No. 5549, dated June 29th, 1931, which reads as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326. Order No. 5549

In the Matter of the Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Commission to Prevent Waste of Petroleum in Producing Oil Fields of Oklahoma

Application of OTTO B. BRADFORD for Modification of the Rules and Regulations and to Determine the Potential and Market Outlet of the Oklahoma City Field

In Re: The Matter of the Supplemental Application of Operators' Committee of Oklahoma City Field for the Modification of Order No. 5414 and Journal Entry No. 1880, Relative to the Taking of Potentials and Extending of Potential Period Beginning at 7:00 o'clock A. M. July 1st, 1931, and Ending at 7:00 o'clock A. M. October 1st, 1931

FINDINGS OF FACT AND ORDER

This cause coming on to be heard this 29th day of June, 1931, on application of Otto B. Bradford, Umpire of the Oklahoma City field, to ascertain the potential of said field and determine the market outlet from said field, which application was heard by this Commission on the 28th day of May, 1931, and continued by this Commission for further hearing to 10:00 o'clock A. M. June 29th, 1931; and upon the supplemental application of the Operators' Committee of the Oklahoma City Field, for the purpose of extending the potential period which expires at 7:00 o'clock

A. M. July 1st, 1931, to 7:00 o'clock A. M. October 1st, 1931; and for omitting the taking of potentials during the remainder of said potential period;

And notice of these hearings having been given in a newspaper of general circulation and also either by personal service or by mailing; and the testimony of numerous witnesses having been taken under oath and exhibits showing the potential production of the field, actual production, overage and underage in production and the market outlet for the months of July, August and September having been introduced in evidence, as well as statements under oath as to the probable takings and purchases from the Oklahoma City Field during the months of July, August and September, 1931;

And the Commission being fully advised in the premises, finds:

[fol. 178] (1) That the conditions of production in the Oklahoma Field, and in excess of reasonable market demand, and imminent probable waste existent when Orders Nos. 5369, 5414, 5437, 5468 and 5486 were issued, still continue, and require the making of proper orders herein to prevent such waste, promote conservation of oil and regulate the equitable, fair and proportional taking thereof, as provided by the statutes of this State.

(2) That the daily potential production of the Oklahoma City Field during the month of July, as nearly as practicable of ascertainment, is 2,678,679 barrels; that the probable market outlet for the entire Oklahoma City Field for the month of July, as nearly as practicable of ascertainment, is 203,170 barrels; and that the allowable for the wells in the Oklahoma City Field for the month of July should therefore be that percentage which this market demand bears to the potential or, for practical purposes, 8 per cent of the potential of the wells, which potential is arrived at, as provided in prior orders, by multiplying the four hour gauge by six and dividing by three.

(3) That the daily potential production of the Oklahoma City Field during the month of August, as nearly as practicable of ascertainment, is 2,790,871 barrels; that the probable market outlet for the Oklahoma City Field for the month of August, as nearly as practicable of ascertainment, will be 196,000 barrels; that the allowable for the wells in the Oklahoma City Field for the month of August

should therefore be that percentage which the market demand bears to the potential or, for practical purposes, 7 per cent of the potential of the wells, which potential and percentage are arrived at in the manner heretofore set out in the foregoing paragraph.

(4) That the daily potential production for the Oklahoma City Field during the month of September, as nearly as practicable of ascertainment, will be 3,222,582 barrels; and that the probable market outlet for the entire Oklahoma City Field for the month of September, as nearly as practicable of ascertainment, will be approximately 182,000 barrels; and that the allowable for the wells in the Oklahoma City Field for the month of September should therefore be that percentage which the probable market demand [fol. 179] bears to the potential or, for practical purposes, 6 per cent of the potential of the wells, which potential and percentage are arrived at in the manner herein set out in the foregoing paragraph (2).

(5) That there has been no material decrease in the potential of the wells in the Oklahoma City Field generally, although this does not apply to to all of the wells in the Field, since the potentials have been taken, on and subsequent to April 1st, 1931; that the postponement of the taking of the potentials, as prayed for herein, until on or after October 1st, 1931, may be permitted for the reason that operating expenses in the Field would be reduced thereby and considerable waste of natural gas would be prevented thereby and the order herein can be so drawn that injustice will not result therefrom.

(6) That the determination of the applications of Wirt Franklin for the increase of allowable of certain wells in the Oklahoma City Field and of the Indian Territory Illuminating Oil Company for increase of allowable of certain wells in the Oklahoma City Field, may be further held in abeyance, pending further consideration thereof.

Order

Wherefore, premises considered, it is therefore ordered:

1

That Order No. 5486 and all other existing orders of this Commission relating to the production of crude pe-

troleum and natural gas in the Oklahoma City Field, as modified by any subsequent orders and as modified hereby, are hereby continued in full force and effect until further order of this Commission.

2

That beginning at 7 o'clock A. M. July 1st, 1931, and ending at 7 o'clock A. M. August 1st, 1931, all wells in the Oklahoma City Field, not illegally over-produced and which have served the sixty-five day shut in period, be permitted to produce 8 per cent of their potential production, as determined in accordance with the findings herein, estimated by the Umpire in the Oklahoma City Field, under the orders of this Commission, less any permitted over-production.

[fol. 180]

3

That beginning at 7 o'clock A. M. August 1st, 1931, and ending at 7 o'clock A. M. September 1st, 1931, all wells in the Oklahoma City Field, not illegally over-produced, and which have served their sixty-five day shut in period, shall be permitted to produce 7 per cent of their potential production, as determined in accordance with the findings herein, estimated by the Umpire in the Oklahoma City Field, under the orders of this Commission, less any permitted over-production.

4

That beginning at 7 o'clock A. M. September 1st, 1931, and ending at 7 o'clock A. M. October 1st, 1931, all wells in the Oklahoma City Field, not illegally over-produced, and which have served their sixty-five day shut in period, be permitted to produce 6 per cent of their potential production, as determined in accordance with the findings herein, estimated by the Umpire in the Oklahoma City Field, under the orders of this Commission, less any permitted over-production.

5

That wells designated as "illegally over-produced," or wells which are over-produced in violation of the orders

of this Commission, shall remain shut in until such over-production is made up and such wells are again "even."

6

That the Umpire shall permit to be supplied any reasonable market demand over and above the probable market demand, or demands, ascertained herein, to take care of the percentage of production as provided in the preceding paragraphs hereof, but shall, from time to time, allot the same to the under-produced and under-run wells, so long as there may be under-produced and under-run wells, and such allotment is practicable.

Whenever there is a market demand in the Oklahoma City Field in excess of the allotments herein made in the foregoing paragraphs hereof, and when the under-run and under-produced wells shall have been taken care of so far as practicable, this fact shall immediately be reported to [fol. 181] the Commission for its further action and for the further allotment of the production in the Field for the supplying of such additional market demand.

7

The potential period commencing at 7 o'clock A. M. April 1st, 1931, and ending at 7 o'clock A. M. July 1st, 1931, is hereby extended to include the period from 7 o'clock A. M. April 1st, 1931, to 7 o'clock A. M. October 1st, 1931, and the potentials heretofore taken during the potential period beginning at 7 o'clock A. M. April 1st, 1931, shall apply during the potential period as extended to 7 o'clock A. M. October 1st, 1931: Provided that if the potential last taken of any well in the Oklahoma City Field does not reflect the true potential of such well, the owner or operator therefor may, upon application filed with this Commission not later than July 5th, 1931, and upon permission of this Commission, take a new potential of said well and apply such potential as a potential of such well during the period 7 o'clock A. M. July 1st, 1931, to 7 o'clock A. M. October 1st, 1931; provided that the taking of such new potentials shall be in accordance with the rules and regulations of this Commission governing the taking of potentials in the Oklahoma City Field, which rules and regulations, in accordance with the announcement of the Commission

at the hearing, requires such wells to be kept shut in from 7 o'clock A. M. July 1st, 1931, until the opening of such wells for the purpose of taking the new potentials.

8

Jurisdiction of this Cause, and of the subject matter hereof, and of the petition or petitions herein, and of the parties hereto, are hereby retained for the purpose of making such further, additional, or different orders, rules and/or regulations, as may from time to time appear to be proper; and any interested party, may, at any time, apply to this Commission for any further orders, rules, and/or regulations, as may be deemed necessary or proper.

[fol. 182] By the commission it is so ordered.

Done at the office of the Commission, State Capitol, Oklahoma City, Oklahoma, this the 30th day of June, 1931.

Corporation Commission of Oklahoma. Paul A. Walker, Chairman. —— ——, Commissioner. E. R. Hughes, Commissioner.

Attest: E. D. Hicks, Jr., Secy. (Seal.)

[fol. 183] That the Corporation Commission entered its Journal Entry No. 1795, dated July 8th, 1930, as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10146

In the Matter of the Appointment of an Umpire and Agent for the Enforcement of the Rules, Regulations and Requirements of the Commission's Order No. 5189 and the Designation and Appointment of Various Committees of Operators in the Fields and Pools Embraced Within the Terms and Provisions of Said Order No. 5189.

JOURNAL ENTRY No. 1795

On the 30th day of June, 1930, the Corporation Commission of the State of Oklahoma made and promulgated its Order No. 5189 fixing and establishing rules and regula-

tions to prevent the waste of crude oil and petroleum and the by-products thereof in the following fields, to-wit: Oklahoma City, East Earlsboro, South Earlsboro, Marshall-Lovell, Allen Dome, Sasakwa, Konawa, St. Louis, West Asher-Wanette, Chandler, West Perry, Orlando and Township 20 N. Range 4 West, as well as all pools in the Greater Seminole Area, of Seminole County, Oklahoma, and other producing area that may come into production during the months of July, August, and September, 1930, within the State of Oklahoma.

In order to carry into effect the terms and provisions of said Order No. 5189 and to enforce the rules, regulations and requirements therein contained, as well as the statute relating thereto, it is necessary for the designated and appointment of an Umpire or agent for that purpose. At said hearing and prior conferences of the operators affected, it was the sense of the operators that Ray M. Collins should be designated as Umpire and Agent of the Commission to enforce said rules and regulations, with authority to employ other assistants in case that mey be deemed to be necessary. It is also considered and recommended that a Committee representing each of the pools designated in said order, should be selected and appointed as agents of the Corporation Commission to assist the Umpire in the matter of the enforcement of the rules and regulations prescribed; the committees suggested and designated being as follows, to-wit:

Allen pool: R. A. Griffith, Sinclair; C. H. Wright, Sunray; Geo. Moody, Mid-Continent.

Lovell (Logan Co.) pool: H. D. Aggers, Wentz; Glenn Haroun, Sinclair; Mr. Bond, Shell; Mr. Churdh, J. E. Crosbie, et al.

Greater Seminole (and East and South Earlsboro and Knoawa): J. S. Sidwell, Prairie; J. J. Conry, Carter; R. F. McArthur, Barnsdall; Kenneth-Winship, Gypsy; L. C. Hawkins, Magnolia.

Oklahoma City pool: M. J. Kirwan, I. T. I. O.; J. S. Sidwell, Prairie; Wirt Franklin, Cromwell-Franklin; Ralph Roark, Shell; Glenn Haroun, Sinclair.

[fol. 184] West Asher-Wanette: Ralph Roark, Shell; J. S. Sidwell, Prairie; M. J. Kirwan, I. T. I. O.

Now on this the 8 day of July, 1939, the Commission having the matter of the designation and appointment of an

Umpire and agent to enforce the rules, regulations and requirements contained in said Order No. 5189 as well as the designation of a Committee of Operators in each of said pools, is of the opinion and finds:

First. That Ray M. Collins should be designated and appointed as Umpire and Agent for the purpose of enforcing the rules, regulations and requirements set forth, promulgated and contained in said Order No. 5189 with authority to employ such additional assistants as shall be necessary to that end.

Second. The Commission further finds that the Operators Committee as recommended and suggested by the operators should be selected and designated for each of said pools to aid and assist the Umpire in administering the rules and regulations for each of said respective pools.

It is therefore the order of the Commission, premises considered, that Ray M. Collins be and he is hereby appointed, subject to the approval of His Excellency Governor W. J. Holloway as Umpire and Agent of the Corporation Commission for the purpose of enforcing rules, regulations and requirements contained in Order No. 5189 looking to the proration and conservation of crude oil and petroleum products produced and which may be produced from the fields set forth in said Order.

It is the further order of the Commission that said Ray M. Collins, Umpire, be and he is hereby authorized to employ and select as many assistants as may be necessary to carry into full effect the Order of the Commission.

It is the further order of the Commission, premises considered, that for the purpose of assisting the Umpire and Agent designated herein in administering the rules, regulations and requirements contained in said Order No. 5189, the following Committees of Operators be and they are hereby designated and appointed as agents of the Corporation Commission, subject to the approval of his Excellency Governor W. J. Holloway, to-wit:

Allen pool: R. A. Griffith, Sinclair; C. H. Wright, Sunray; Geo. Moody, Mid-Continent.

Lovell (Logan Co.) pool: H. D. Aggers, Wentz; Glenn Haroun, Sinclair; Mr. Bond, Shell; Mr. Church, J. E. Crosbie, et al.

Greater Seminole (and East and So. Earlsboro and Konawa): J. S. Sidwell, Prairie; J. J. Conry, Carter; R. F. McArthur, Barnsdall; Kenneth-Winship, Gypsy; L. C. Hawkins, Magnolia.

Oklahoma City pool: M. J. Kirwan, I. T. I. O.; J. S. Sidwell, Prairie; Wirt Franklin, Cromwell-Franklin; Ralph Roark, Shell; Glenn Haroun, Sinclair.

[fol. 185] West Asher-Wanette: Ralph Roark, Shell; J. S. Sidwell, Prairie; M. J. Kirwan, I. T. I. O.

Done at Oklahoma City this the 8 day of July, 1930.

Corporation Commission of Oklahoma. (Signed) C. C. Childers, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secy. (Seal.)

I, W. J. Holloway, Governor of the State of Oklahoma, do hereby consent and approve of the appointment and designation of Ray M. Collins as Umpire and Agent for the enforcement of the rules, regulations and requirements of the Corporation Commission looking to the conservation of crude oil and petroleum products and contained in Order No. 5189, and do hereby consent and approve the appointment of a Committee of Operators set forth and contained in the above Journal Entry for the purpose of assisting in the enforcement of said rules and regulations in their respective fields.

(Signed) W. J. Holloway, Governor of the State of Oklahoma.

[fol. 186] And entered its Journal Entry No. 1822, dated Nov. 3rd, 1930, as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326

In the Matter of the Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Corporation Commission to Prevent Waste of Petroleum in the Producing Oil Fields of the State of Oklahoma.

JOURNAL ENTRY No. 1822

On the 28th day of October, 1930, the Corporation Commission of the State of Oklahoma, made and promulgated

its Order No. 5369, fixed and established rules and regulations to prevent the waste of crude oil and petroleum and the by-products thereof, for all of the oil producing areas in the State of Oklahoma, together with those new sands or areas which may be brought into production during the months of October, November and December, 1930.

In order to carry into effect the terms and provisions of said Order No. 5369 and to enforce the rules, regulations and requirements therein contained, as well as the statute relating thereto, it is necessary for the designation and appointment of an Umpire or agent for that purpose. At said hearing and prior conferences of the operators affected, it was the sense of the operators that Ray M. Collins should be designated as Umpire and Agent of the Commission, and that Otto Bradford should be appointed his Special Assistant, to enforce said rules and regulations, with authority to employ other assistants in case that may be deemed to be necessary. It is also considered and recommended that a Committee representing each of the pools designated in said Order, should be selected and appointed as agents of the Corporation Commission to assist the Umpire in the matter of the enforcement of the rules and regulations prescribed; the committees suggested and designated being as follows, to-wit:

Class "A" wells: Chas. Jacobson, J. B. Steele, Ralph Roark, R. H. Huey, H. N. Pardue.

Southern Oklahoma fields: Sam Embrey, Knox Carvin, F. M. Porter, Pete Shaner, H. B. Fell, Joe Ray, Clifford Mooers, J. B. Cowden, Geo. Pace.

Allen pool: H. B. Smith, Sinclair; C. H. Wright, Sunray; Geo. Moody, Mid-Continent.

Lovell (Logan Co.) pool: H. D. Aggers, Wentz; Glenn Haroun, Sinclair; Mr. Bond, Shell; Mr. Church, J. E. Crosbie, et al.

Greater Seminole (And East and South Earlsboro and Konawa): J. S. Sidwell, Prairie; J. J. Conry, Carter; R. F. McArthur, Barnsdall; Kenneth-Winship, Gypsy; L. C. Hawkins, Magnolia.

[fol. 187] Oklahoma City Pool: M. J. Kirwan, I. T. I. O. Co.; Wirt Franklin, Cromwell-Franklin; J. S. Sidwell, Prairie; Ralph Roark, Shell; Glenn Haroun, Sinclair.

West Asher-Wanette: Ralph Roark, Shell; J. S. Sidwell, Prairie; M. J. Kirwan, I. T. I. O. Co.

Now on this the 3rd day of November, 1930, the Commission having the matter of the designation and appointment of an Umpire and Agent to enforce the rules, regulations and requirements contained in said Order No. 5369 as well as the designation of a Committee of Operators in each of said pools, is of the opinion and finds:

First. That Ray M. Collins should be designated and appointed as Umpire and Agent for the purpose of enforcing the rules and regulations and requirements set forth, promulgated and contained in said Order No. 5369 with authority to employ such additional assistants as shall be necessary to that end, and that Otto Bradford should be designated as special assistant to the said Ray M. Collins.

Second. The Commission further finds that the Operators Committees as recommended and suggested by the operators should be selected and designated for each of said pools to aid and assist the Umpire in administrating the rules and regulations for each of said respective pools.

It is therefore the order of the Commission, premises considered, that Ray M. Collins be and he is hereby appointed, subject to the approval of His Excellency Governor W. J. Holloway as Umpire and Agent of the Corporation Commission for the purpose of enforcing rules, regulations and requirements contained in Order No. 5369 looking to the proration and conservation of crude oil and petroleum products produced and which may be produced from the fields set forth in said Order, and that Otto Bradford be and he is hereby, with the consent and approval of His Excellency Governor W. J. Holloway, appointed Special Assistant Umpire to the said Ray M. Collins.

It is the further order of the Commission that said Ray M. Collins, Umpire, be and he is hereby authorized to employ and select as many other assistants as may be necessary to carry into full effect the Order of the Commission.

It is the further order of the Commission, premises considered, that for the purpose of assisting the Umpire and Agent designated herein in administering the rules and regulations and requirements contained in said Order No. 5369, the following Committees of Operators be and they

are hereby designated and appointed as Agents of the Corporation Commission, subject to the approval of His Excellency Governor W. J. Holloway, to-wit:

Class "A" wells: Chas. Jacobson, J. B. Steele, Ralph Roark, R. H. Huey, H. H. Pardue.

Southern Oklahoma fields: Sam Embrey, Knox Carvin, F. M. Porter, Pete Shaner, H. B. Fell, Joe Ray, Clifford Mooers, J. B. Cowden, Geo. Pace.

Allen pool: H. B. Smith, Sinclair; C. H. Wright, Sunray; Geo. Moody, Mid-Continent.

[fol. 188] Lovell (Logan Co.) pool: H. D. Aggers, Wentz; Glenn Haroun, Sinclair; Mr. Bond, Shell; Mr. Church, J. E. Crosbie, et al.

Greater Seminole (And East and South Earlsboro and Konawa): J. S. Sidwell, Prairie; J. J. Conry, Carter; R. F. McArthur, Barnsdall; Kenneth-Winship, Gypsy; L. C. Hawkins, Magnolia.

Oklahoma City pool: M. J. Kirwan, I. T. I. O. Co.; J. S. Sidwell, Prairie; Wirt. Franklin, Cromwell-Franklin; Ralph Roark, Shell; Glenn Haroun, Sinclair.

West Asher-Wanette: Ralph Roark, Shell; J. S. Sidwell, Prairie; M. J. Kirwan, I. T. I. O. Co.

Done at Oklahoma City this the 3rd day of November, 1930.

Corporation Commission of Oklahoma. (Signed) C. C. Childers, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secretary. (Seal.)

I, W. J. Holloway, Governor of the State of Oklahoma, do hereby consent and approve of the appointment and designation of Ray M. Collins as Umpire and Agent, and Otto Bradford as Special Assistant Umpire, for the enforcement of the rules, regulations and requirements of the Corporation Commission looking to the conservation of crude oil and petroleum products and contained in Order No. 5369, and do hereby consent and approve the appointment of a Committee of Operators set forth and contained in the above Journal Entry for the purpose of assisting

in the enforcement of said rules and regulations in their respective fields.

(Signed) W. J. Holloway, Governor of the State of Oklahoma.

[fol. 189] And entered its Journal Entry No. 1835, dated January 9th, 1931, as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326

In the Matter of the Application of WIRT FRANKLIN for Rules and Regulations to be Established by the Corporation Commission to Prevent Waste of Petroleum in the Producing Oil Fields of the State of Oklahoma

JOURNAL ENTRY No. 1835

On the 28th day of October, 1930, the Corporation Commission of the State of Oklahoma, made and promulgated its Order No. 5413, fixed and established rules and regulations to prevent the waste of crude oil and petroleum and the by-products thereof, for all of the oil producing areas in the State of Oklahoma, together with those new sands or areas which may be brought into production during the months of October, November and December, 1930.

In order to carry into effect the terms and provisions of said Order No. 5413 and to enforce the rules, regulations and requirements therein contained, as well as the statute relating thereto, it is necessary for the designation and appointment of an Umpire or agent for that purpose. At said hearing and prior conferences of the operators affected, it was the sense of the operators that Ray M. Collins should be designated at Umpire and Agent of the Commission, and that Otto Bradford should be appointed his Special Assistant, to enforce said rules and regulations, with authority to employ other assistants in case that may be deemed to be necessary. It is also considered and recommended that a Committee representing each of the pools designated in said Order, should be selected and appointed as agents of the Corporation Commission to assist the Umpire in the matter of the enforcement of the rules and

regulations prescribed; the committees suggested and designated being as follows, to-wit:

Class "A" wells: Chas. Jacobson, J. B. Steele, Ralph Roark, R. H. Huey, H. N. Pardue.

Southern Oklahoma fields: Sam Embrey, Knox Garvin, F. M. Porter, Pete Shaner, H. B. Fell, Joe Ray, Clifford Mooers, J. B. Cowden, Geo. Pace.

Allen pool: H. B. Smith, Sinclair; C. H. Wright, Sunray; Geo. Moody, Mid-Continent.

Lovell (Logan Co.) pool: H. D. Aggers, Wentz; Glenn Haroun, Sinclair; Mr. Bond, Shell; Mr. Church, J. E. Crosbie, et al.

Greater Seminole (and East and South Earlsboro and Konawa): J. B. Sidwell, Prairie; J. J. Conry, Carter; R. F. MacArthur, Barnsdall; Kenneth-Winship, Gypsy; L. C. Hawkins, Magnolia.

[fol. 190] Oklahoma City pool: M. J. Kirwan, I. T. I. O. Co.; J. S. Sidwell, Prairie; Wirt Franklin, Cromwell-Franklin; Ralph Roark, Shell; Glenn Haroun, Sinclair.

West Asher-Wanette: Ralph Roark, Shell; J. S. Sidwell, Prairie; M. J. Kirwan, I. T. I. O. Co.

Now on this the 9th day of January, 1931, the Commission having the matter of the designation and appointment of an Umpire and Agent to enforce the rules, regulations and requirements contained in said Order No. 5413, as well as the designation of a Committee of Operators in each of said pools, is of the opinion and finds:

First. That Ray M. Collins should be designated and appointed as Umpire and Agent for the purpose of enforcing the rules and regulations and requirements set forth, promulgated and contained in said Order No. 5413, with authority to employ such additional assistants as shall be necessary to that end, and that Otto Bradford should be designated as special assistant to the said Ray M. Collins.

Second. The Commission further finds that the Operators' Committees as recommended and suggested by the operators should be selected and designated for each of said pools to aid and assist the Umpire in administering the rules and regulations for each of said respective pools.

It is therefore the order of the Commission, premises considered, that Ray M. Collins be and he is hereby appointed, subject to the approval of His Excellency Governor W. J. Holloway, as Umpire and Agent of the Corporation Commission for the purpose of enforcing rules, regulations and requirements contained in Order No. 5413 looking to the proration and conservation of crude oil and petroleum products produced and which may be produced from the fields set forth in said Order, and that Otto Bradford be and he is hereby, with the consent and approval of His Excellency Governor W. J. Holloway, appointed Special Assistant Umpire to the said Ray M. Collins.

It is the further order of the Commission that said Ray M. Collins, Umpire, be and he is hereby authorized to employ and select as many other assistants as may be necessary to carry into full effect the order of the Commission.

It is the further order of the Commission, premises considered, that for the purpose of assisting the Umpire and Agent designated herein in administering the rules and regulations and requirements contained in said Order No. 5413, the following Committees of Operators be and they are hereby designated and appointed as Agents of the Corporation Commission, subject to the approval of His Excellency Governor W. J. Holloway, to-wit:

Class "A" wells: Chas. Jacobson, J. B. Steele, Ralph Roark, R. H. Huey, H. N. Pardue.

Southern Oklahoma fields: Sam Embrey, Knox Garvin, [fol. 191] H. B. Fell, Joe Ray, F. M. Porter, Pete Shaner, Clifford Mooers, J. B. Cowden, Geo. L. Pace.

Allen pool: H. B. Smith, Sinclair; C. H. Wright, Sunray; Geo. Moody, Mid-Continent.

Lovell (Logan Co.) pool: H. D. Aggers, Wentz; Glenn Haroun, Sinclair; Mr. Bond, Shell; Mr. Church, J. E. Crosbie, et al.

Greater Seminole (and East and South Earlsboro and Konawa): J. S. Sidwell, Prairie; J. J. Conry, Carter; R. F. MacArthur, Barnsdall; Kenneth-Winship, Gypsy; L. C. Hawkins, Magnolia.

Oklahoma City pool: M. J. Kirwin, I. T. I. O. Co.; J. S. Sidwell, Prairie; Wirt Franklin, Cromwell-Franklin; Ralph Roark, Shell; Glenn Haroun, Sinclair.

West Asher-Wanette: Ralph Roark, Shell; J. S. Sidwell, Prairie; M. J. Kirwan, I. T. I. O. Co.

Done at Oklahoma City, Oklahoma, this the 9 day of January, 1931.

Corporation Commission of Oklahoma. —— ——, Chairman. (Signed) Fred Capshaw, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Graham, Acting Secretary.

I, W. J. Holloway, Governor of the State of Oklahoma, do hereby consent and approve of the appointment and designation of Ray M. Collins as Umpire and Agent, and Otto Bradford as Special Assistant Umpire, for the enforcement of the rules, regulations and requirements of the Corporation Commission looking to the conservation of crude oil and petroleum products and contained in Order No. 5413, and do hereby consent and approve the appointment of a Committee of Operators set forth and contained in the above Journal Entry for the purpose of assisting in the enforcement of said rules and regulations in their respective fields.

(Signed) W. J. Holloway, Governor of the State of Oklahoma.

[fol. 192] And entered its Journal Entry No. 1856, dated March 5th, 1931, as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326

In re: Allowable Takings of Crude Petroleum in the Oklahoma City Field

JOURNAL ENTRY No. 1856

Be it remembered, That on this the 5th day of March, 1931, the Commission having had under consideration the application of Wirt Franklin, et al., for increased allowable takings from the Oklahoma City Field, and announcement made by the Commission in connection therewith from the bench at the conclusion of its hearing on March 4, 1931; And the Commission having before it the request of the

Governor of Oklahoma in connection therewith, which is in words and figures as follows, to-wit:

"On yesterday you made an order increasing the flow of oil and placing a construction on the order heretefore made as to allowing only two-thirds of the field's allowable to be produced. Personally, I do not believe that the order was the direct cause for reduction of the price but used as an excuse. I believe that the intention was to do so by certain big companies as soon as Congress adjourned. Therefore, I would ask the Commission to reverse the order placing the Oklahoma City field back where it was prior to your order of yesterday and then that everything relative to oil, both before the Commission and before the Legislature be held in abeyance until after the meeting to be held in Texarkana, Arkansas, on Monday, March 9th.

"It is my hope that at this conference there can be a plan worked out that will reach the situation.

"The sacrifice that must needs be made by the Independent Producers should be matched by the importers in like sacrifice in importing oil. In other words, we should remove all excuse for reduction on the part of the State."

And the Commission being further advised, finds: That the request for staying action on the matter of increasing the allowable takings from the Oklahoma City Field should be granted and that action contemplating increased allowable takings should be delayed and held in abeyance until after the foregoing meeting of the several states' representatives in Texarkana, Arkansas, on March 9, 1931, and until such time as the Commission may find it advisable to act thereon.

It is, therefore, ordered that the announcement of March 4, 1931, increasing the allowable takings in the Oklahoma City Field, be and the same is hereby revoked and held in abeyance until further order of this Commission.

It is further ordered that that part of the announcement specifically construing runs from even wells from the Oklahoma City Field for dates prior to March 1, 1931, is hereby rescinded and that the order pertaining to runs from even wells shall be construed only as permitting the full amount of runs from even wells from, on and after [fol. 193] March 1, 1931; and that Order No. 5437 as con-

strued herein, be and remain in full force and effect until further order of this Commission.

Done at the office of the Corporation Commission, State Capitol, Oklahoma City, Oklahoma, the day and date first above mentioned herein.

Corporation Commission of Oklahoma. (Signed) Paul A. Walker, Chairman. (Signed) C. C. Childers, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secretary.

[fol. 194] And entered its Journal Entry No. 1864, dated March 17th, 1931, as follows:

EXHIBIT "I"

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326

In the Matter of Rules and Regulations for the Prevention of Waste of Crude Petroleum, Etc., in the State of Oklahoma, Including the Application of Wirt Franklin et al. for an Increase in the Allowable Takings from the Oklahoma City Field and for a Realignment of the Allowable Takings from the Various Oil Fields of the State

JOURNAL ENTRY No. 1864

Be it remembered that, the Commission being in session, had before it the request of Cicero I. Murray for a postponement of the hearing formerly announced herein for March 25th, and for a continuation of the Commission's orders, for the enforcement of conservation and the prevention of waste of crude petroleum, in the State of Oklahoma.

The Commission is formally advised that Cicero I. Murray is, by the Governor, designated as a representative of the State of Oklahoma on the Committee known as the "Oil States Advisory Committee", and that this Committee is attempting to work out among the State of Arkansas, California, Kansas, Oklahoma, Texas Wyoming, and the other

oil producing States, and the Federal Government, a definite working plan for the conservation of crude petroleum and for other recommendations. There is now set before the Railroad Commission of the State of Texas at Austin on March 24th, a hearing looking to the matter of the proration in the East Texas fields, and on March 30th, 1931, a conference of the "Oil States Advisory Committee" at Washington, D. C.

Formal request is made that matters in Oklahoma be held in abeyance pending the Texas hearing and the March 30th Washington Conference, and that the orders heretofore made by the Commission be held in full force and effect pending the outcome of these matters.

It further appears that this Commission has heretofore ordered new potentials to be taken in various of the fields of the State as a basis for the further consideration of the proration orders now in effect and of any future orders covering the same subject matter. It appears from the reports of the Commission's Umpire that the taking of said potentials has not been completed and will not be completed by March 25th, the date heretofore set by the Commission for the further hearing of this Cause, and that the additional facts to be developed by the matters hereinbefore referred to and which will not be fully available on March 25th, will be of great value to the Commission in reaching a final determination as to the matters involved.

The Commission therefore being advised, finds that the hearing heretofore announced for March 25th, 1931, should be postponed and that the orders heretofore made and now in force, concerning conservation of crude petroleum and the equitable taking thereof from the Oklahoma Fields, should be held in full force and effect pending the aforesaid hearing and conference and negotiations now under way among the representatives of the several oil producing States, and until further orders of this Commission.

Wherefore, premises considered, it is ordered that this Commission's Orders Nos. 5413, 5414, 5437 and Journal Entry No. 1856, dated March 5th, 1931, construing said Orders, and all prior orders of this Commission dealing with conservation and equitable taking of crude petroleum, except as modified by the aforesaid orders, be and the same are hereby continued in full force and effect, until further order of this Commission.

It is further ordered that from and after April 1st, 1931, no producer in the Oklahoma City Field shall be permitted [fol. 195] to produce any oil from any well until after having taken a potential of said well on or after April 1st, 1931, as provided in the orders now in force, except such oil as may be produced in the actual taking of such potential.

Done at the office of the Corporation Commission, State Capitol, Oklahoma City, Oklahoma, this 17th day of March, 1931.

Corporation Commission of Oklahoma. (Signed) Paul A. Walker, Chairman. (Signed C. C. Childers, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Hicks, Jr., Secretary. Seal.

[fol. 196] And entered its Journal Entry No. 1876, dated April 10th, 1931, as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10326

In the Matter of the Allowable Takings of Crude Petroleum in the Oklahoma City Field

JOURNAL ENTRY No. 1876

Be it remembered that on this the 10th day of April, 1931, the Commission being in session, had under consideration the interpretation of its Order No. 5437 as pertains to the allowable flow from even wells; by even wells are meant wells which have produced the oil which they are entitled to produce under the Commission's Orders but which are not overproduced.

Sub-paragraph 2 of paragraph 6 of this Commission's Order No. 5414 of date of December 30th, 1930, reads: "Wells which are even shall be allowed to produce only ⅔ of their allowable production as fixed in the general order this day issued."

On February 10th, 1931, this Commission made its Order No. 5437, under consideration herein. Paragraphs 1 and 2 of said Order provide:

"1. That Orders Nos. 5413 and 5414 made and entered on December 30, 1930, be and the same are hereby modified and supplemented insofar as they affect what is known as the Oklahoma City Oil field, and that the potential production of said field be and the same is hereby determined to be approximately 2,000,000 barrels of crude oil per day.

2. That the amount of allowable production from said Oklahoma City oil field be and the same is hereby increased from the allowable heretofore determined, to 125,000 barrels per day, or 6¼ per cent of the potential production of 2,000,000 barrels per day as herein determined."

Paragraph 5 of said Order No. 5437, provides that the allowable from each well shall be 6¼ per cent of the potential production arrived at and determined by the method therein prescribed.

Paragraph 8 of said Order No. 5437 provides:

" ' That the terms and provisions of Order No. 5413, and other orders heretofore made and entered, and now in effect, except as modified herein, shall remain in full force and effect."

On March 5th, 1931, this Commission entered its Journal Entry No. 1856 which provides, in part:

"It is further ordered that that part of the announcement specifically construing runs from even wells from the Oklahoma City Field for dates prior to March 1st, 1931, is hereby rescinded and that the order pertaining to runs from even wells shall be construed only as permitting the full amount of runs from even wells from, on and after March 1, 1931; and that Order No. 5437 as construed herein, be and remain in full force and effect until further order of this Commission."

The foregoing orders have been variously interpreted as to the allowable takings from the wells in the Oklahoma City Field, resulting in inequities from unequal takings from the wells in this field. Certain operators, between dates of February 10th and March 5th, 1931, took the full 6¼ per cent from the even wells while other operators took only ⅔ thereof from their even wells.

The confusion and misunderstanding, resulting in unequal takings, because some wells were drawn upon for 6¼ per cent of their potential production while others were and are held to ⅔ thereof during the period beginning February 10th, 1931, and ending March 1st, 1931, compels the Commission to place a formal interpretation on its Orders heretofore made, respecting allowable takings from even wells.

Said Journal Entry No. 1856 of March 5th, 1931, specifically provides that Order No. 5437 is construed to mean that even wells, or wells not overproduced, shall be permitted [fol. 197] takings of the full 6¼ per cent of the potential of each well, from and after March 1st, 1931. The only remaining contention in this regard, therefore, is as to the period February 10th to March 1st, 1931. It is evident, of course, that all parties must be treated alike, otherwise there can be no proper enforcement of the conservation laws of the State or the Orders of this Commission in reference thereto.

Certain wells in the Oklahoma City Field having since February 10th, 1931 been produced at 6¼ per cent of their full allowable, as determined in the manner prescribed by this Commission's Order No. 5437, the Commission finds that all operators in the Oklahoma City Field are entitled to a similar allowable taking for their wells, and that all operators who have produced only ⅔ of the allowable from their even wells, since the date of February 10th, 1931, shall be permitted to make up the other ⅓, and the Commission's Order No. 5437 is so interpreted. Under the interpretation of the Commission's Order No. 5437 herein made, the full allowable of 6¼ per cent for even wells in the Oklahoma City Field shall be and is permitted for the period beginning February 10th, 1931.

It is therefore ordered that all operators in the Oklahoma City Field who produced only ⅔ of the 6¼ per cent of the potential production from their even wells between the dates February 10th, 1931 and March 1st, 1931, be permitted to produce from such wells an amount of oil equal to the remaining ⅓ of their allowable between these dates.

Provided, however, waste shall not be permitted in the production of this oil, and that such oil shall not be produced in excess of the market outlet therefor, and that said

Order No. 5437, is construed as meaning that from and after February 10th, 1931 and until further order of this Commission, operators in the Oklahoma City Field were, are and shall be entitled to 6¼ per cent of the potential production of each and every even well.

Provided, that the production of such under-run oil shall be after notification to the Umpire in the Oklahoma City Field of the intention to run such oil, and subject to such restrictions as it may be found necessary to impose as to the length of time in which such oil may be produced, and the days and dates on which the oil may be run.

It is further ordered that the Commission retain jurisdiction of the subject matter hereof and the parties hereto for such further order or orders as may be necessary in the premises.

Done at Oklahoma City, Oklahoma, this the 10th day of April, 1931.

Corporation Commission of Oklahoma. (Signed) Paul A. Walker, Chairman. (Signed C. C. Childers, Commissioner. (Signed) E. R. Hughes, Commissioner.

Attest: (Signed) E. D. Graham, Act. Secretary.

[fol. 198] And entered its Journal Entry No. 1880, dated April 15th, 1931, as follows:

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Cause No. 10,326

In re Modifying Sub-paragraph 3 of Paragraph 2, Page 3, Order #5414 in Cause #10,326, Dated December 30th, 1930

Journal Entry No. 1880

Be it remembered that on this the 15th day of April, 1931, the Commission being in session, had under consideration the interpretation of its Order No. 5414 with reference to the taking of potentials in the Oklahoma City Field, and sub-paragraph 3 of paragraph 2, page 3 Order No. 5414 in cause No. 10,326, dated December 30th, 1930, is modified and amended as follows:

When, in pursuance hereof, a well is permitted to be opened for the purpose of determining its potential, it shall be permitted to produce for four hours, to be taken continuously, whether or not the well produced continuously during such time, and to be computed from the hour and minute oil first flows into lease tankage from the oil and gas separator.

Provided, however, that in the event there is any intermediate settling tank, treating tank, device or container interposed between the separator and lease tankage, the difference in the amount of oil in such settling tank, treating tank, device or container reduced by proper correction for impurities and temperature to net oil in the beginning of the potential gauge and for hours thereafter, shall be added to or subtracted from the amount of oil as gauged in lease tankage as may be appropriate to arrive at the actual amount of oil produced during said four hour gauge.

Provided, further, that in the event a well "cuts out" or for any other mechanical reason, through no fault of the operator, it cannot be left open for four hours continuously, the owner or operator thereof shall, before again opening said well, file with the Umpire at his office in Oklahoma City a supplemental application to take the potential of said well, in the same manner as prescribed in sub-paragraphs numbered 1 and 2 of paragraph 2, page 3, Order No. 5414, and attached to and as a part of said application, there shall be affidavits of each of the witnesses and representatives present at the attempted taking of the potential, describing in detail the necessity of shutting in said well before the four hour period had expired.

If, from said supplemental application and the attached affidavits and other information available it shall be determined that the necessity of shutting in said well was due to mechanical defects not within the control of the owner or operator of said well, it may be ordered that the taking of a potential of said well again be attempted, in the same manner as prescribed in sub-paragraphs numbered 1 and 2 of paragraph 2, page 3, Order No. 5414;

Provided, further, that all oil produced during the time when the potential of a well is being determined or attempted to be determined shall be charged against the allowable of said well for the then current month.

Provided, further, that no well shall be allowed to take a potential when a four hour flow estimated on its previous potential or attempted potential will cause said well to be overproduced for the then current month. The amount of oil produced from said well during said four hour period multiplied by six shall constitute the tentative daily poten- [fol. 199] tial of said well for the current potential period, as provided in sub-paragraph 3 of paragraph 2, page 3, Order No. 5414.

It is further ordered that the Commission retain jurisdiction of the subject matter hereof and the parties hereto for such further order or orders as may be necesssary in the premises.

Done at Oklahoma City, Oklahoma, this the 15th day of April, 1931.

Corporation Commission of Oklahoma. Paul Walker, Chairman. C. C. Childers, Commissioner. —— ——, Commissioner.

Attest: E. D. Graham, Act. Secretary.